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# The President's Daily Brief

August 1, 1975

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[Redacted]

Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1)(2),(3)  
declassified only on approval of  
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*FOR THE PRESIDENT ONLY*

August 1, 1975

Table of Contents

Turkey: The take-over of US installations has been completed with only minor incidents. (Page 1)

Portugal: Another island territory, Madeira, is seeking autonomy and reversal of the leftist trend. The new cabinet is to be announced Saturday. (Page 2)

Romania: The timing of President Ford's visit to Romania--in Bucharest's view--could scarcely be better. (Page 4)

Notes: Egypt-France; Japan - North Vietnam (Page 5)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

TURKEY

*The take-over of US installations has been completed with only minor incidents that were due in large part to the confusion of Turkish authorities over how to proceed.*

[redacted] if the arms embargo is lifted, the Turkish general staff probably will not restore the situation as it was. We would expect, for example, Ankara to call for US operation of the bases under Turkish administrative control.

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Negotiators for the Greek Cypriots and Turkish Cypriots yesterday began another round of negotiations in Vienna. The talks apparently will deal primarily with the powers of the central government in a proposed federation, and no breakthrough is likely. The Greek Cypriots, however, have apparently put aside their demands for a strong central government and will concentrate instead on the question of how much territory the Turks will give up.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

*The government's worries outside Portugal are increasing. According to recent information, an estimated 25,000 demonstrators on Madeira, led by the Popular Democrats, last Sunday called for increased autonomy for the islands and a reversal of the leftist trend in Portugal. Popular Democrats in Madeira also stormed the headquarters of an extreme left-wing party, but military troops stepped in to prevent damage. Another pro-independence demonstration is being called for Sunday.* [redacted]

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*President Costa Gomes--before his departure for Helsinki last night--announced that a new cabinet had been formed. In Helsinki he said the composition of the cabinet will be announced Saturday. The delay in the presentation of the cabinet is indicative of the problems Prime Minister Goncalves has faced trying to come up with a government made up of more than just Communist sympathizers.* [redacted]

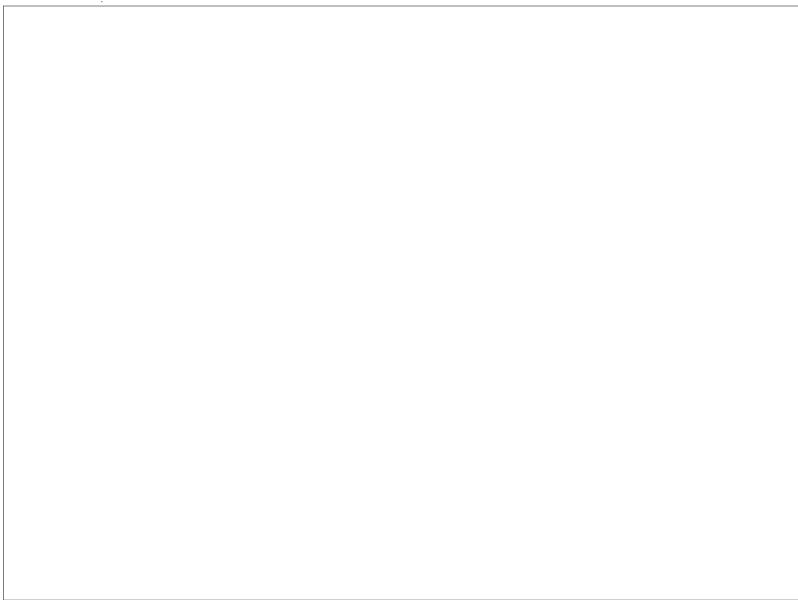
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*FOR THE PRESIDENT ONLY*

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**ROMANIA**

*The timing of President Ford's visit to Romania--in Bucharest's view--could scarcely be better. It closely follows US Congressional action opening the way for most-favored-nation tariff status for Romania, and President Ceausescu apparently hopes President Ford's visit will boost his prestige.*

Romania needs an economic shot in the arm. During President Ford's talks with him, Ceausescu surely will press for concessionary credits, agricultural aid, and other assistance to facilitate his country's recovery from recent devastating floods.

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Ceausescu is likely to stress the importance of a continued, active US involvement in European affairs in the post-CSCE summit period. With an eye to relations with the USSR, Romania has consistently described the summit as merely the first step in building a lasting peace in Europe.

Bucharest is unhappy with some aspects of the European security conference, such as its failure to provide for institutional follow-up to the summit, but Romanian commentaries are trying to put the best face on the meeting. In talking with President Ford, Ceausescu will emphasize economic non-discrimination and the prevention of the use of force to settle international disputes.

Ceausescu is pleased that Belgrade has been selected as the site of the 1977 meeting of senior government officials to review progress in implementing the European security agreement. The Romanians view the choice of the Yugoslav capital as focusing international attention on the Balkans and deterring Soviet meddling in the region.

*FOR THE PRESIDENT ONLY*

NOTES

Japan expects to conclude an economic assistance agreement this week with North Vietnam, clearing the way for an exchange of embassies. Diplomatic relations were established in 1973.

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Egypt [Redacted]

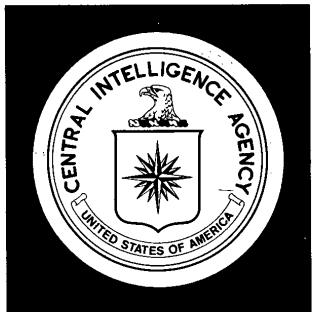
France [Redacted]

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# The President's Daily Brief

August 2, 1975

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exemption category 5B(1),(2),(3)  
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*FOR THE PRESIDENT ONLY*

August 2, 1975

Table of Contents

USSR: Because of additional evidence of continued bad weather, we now expect the Soviet grain crop to be below 180 million tons. (Page 1)

Egypt-Israel: [redacted] 25X1  
[redacted] 25X1  
(Page 2)

Egypt: President Sadat continues on a two-track policy, pursuing another interim agreement with the Israelis while drawing up contingency plans for war. (Page 5)

Egypt-Libya: [redacted] 25X1  
[redacted] (Page 8)

Notes: Turkey-US; Yugoslavia; Iceland; Japan-France; Laos (Pages 9, 10, and 11)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

USSR

*Because of additional evidence of continued bad weather, we now expect the Soviet grain crop to be below 180 million tons. If the bad weather continues, the crop could fall to or even below the 1972 level of 168 million tons.*

The drought also has sharply curtailed forage crops, so the total shortfall in Soviet production in relation to needs could be in the range of 30-50 million tons. To date, the Soviets have contracted for about 15 million tons of foreign grain, and it now seems virtually certain that they will be back for additional large quantities. Available grain supplies, however, are nowhere near sufficient to satisfy all Soviet needs without drastic increases in world prices.

The USSR will no doubt make up some of the shortfall from its stocks but also will be forced to cut its consumption of grain. If production were as low as in 1972, cuts in consumption would be large, and there would be major economic implications. In any event there are bound to be political repercussions in the USSR, including criticism of Brezhnev's performance in this sector.

*FOR THE PRESIDENT ONLY*

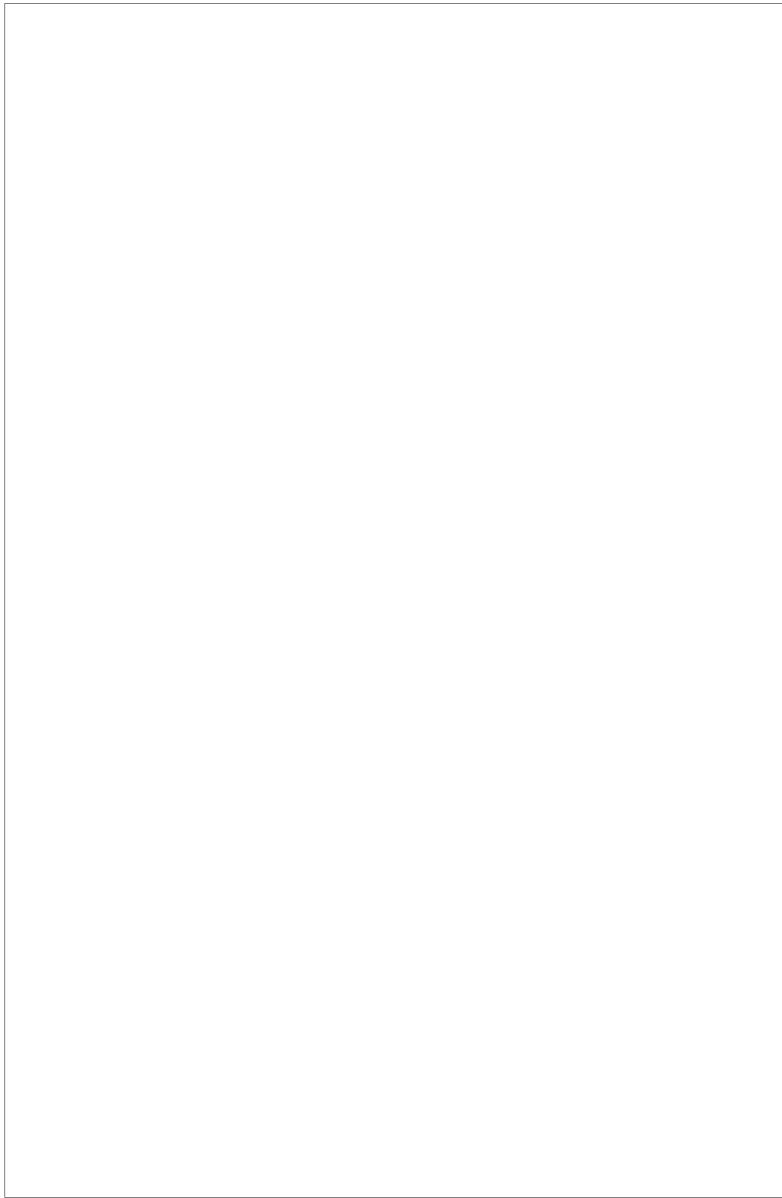
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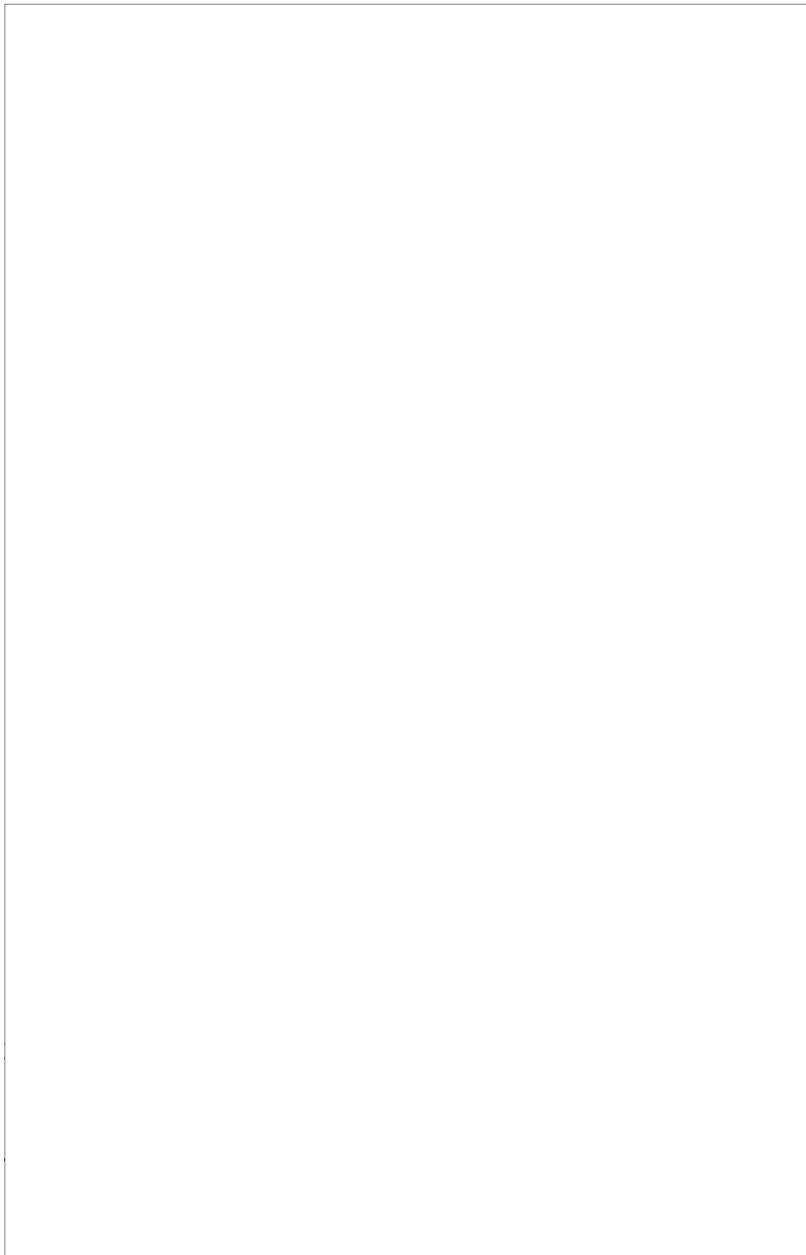
**EGYPT-ISRAEL**



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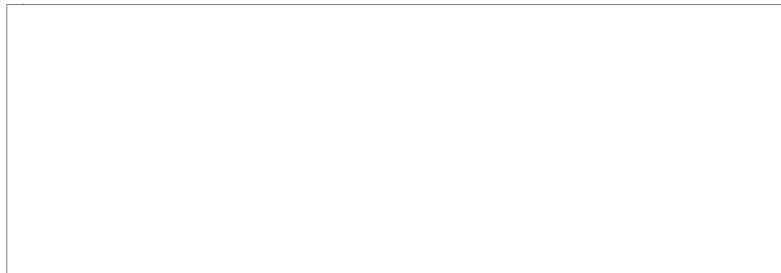


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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

FOR THE PRESIDENT ONLY

EGYPT

President Sadat continues on a two-track policy, pursuing another interim agreement with the Israelis while drawing up contingency plans for war.

[redacted] Sadat  
[redacted] ordered the army to continue preparations for a Sinai offensive. [redacted] Sadat instructed Minister of War Gamasy to be prepared for action in mid-September.

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The new preparations [redacted]  
[redacted] call for:

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--Egyptian forces to seize and hold along a line east of the Mitla and Gidi passes.

--The Egyptian air force to launch a large-scale late afternoon attack followed by a night army assault.

--The air force is to neutralize Israeli ground force installations and airfields, and two surface-to-air missile brigades are to provide the army's air defense from positions on the east bank of the Suez Canal.

--A "serious" Israeli attack on the west bank of the canal would result in a Scud missile attack on Israeli cities.

[redacted] Sadat ordered this latest contingency plan drawn up prior to the decision to renew the UN Emergency Force mandate in the Sinai. [redacted]

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*FOR THE PRESIDENT ONLY*

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The mid-September target date [redacted] was set before Sadat announced his agreement to extend the UN force mandate until October and before the most recent exchanges of Israeli and Egyptian proposals for a new interim agreement in the Sinai. Despite his frustration over what he regards as Israeli stalling, Sadat probably recognizes that a final resolution of the outstanding points of disagreement could require negotiations to continue into September.

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If there is no substantial progress by then, Sadat is likely to have little hope left for an interim agreement. Even the Israelis expect that the basics of an agreement to be completed by the end of August.

If negotiations break down again, Sadat may decide to try to press his case through the UN and the Geneva forum. He has previously indicated that he would pursue this course.

It is equally possible he may conclude that, [redacted] further diplomatic pressure by Egypt would bring little return. The problem lies in pinpointing the precise time at which Sadat's patience finally runs out and when he decides to take the military road to achieve his goals.

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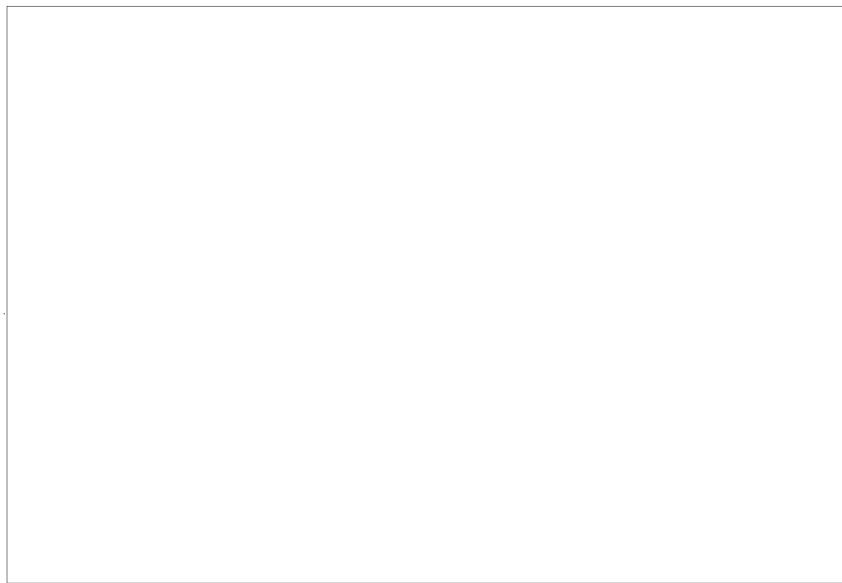
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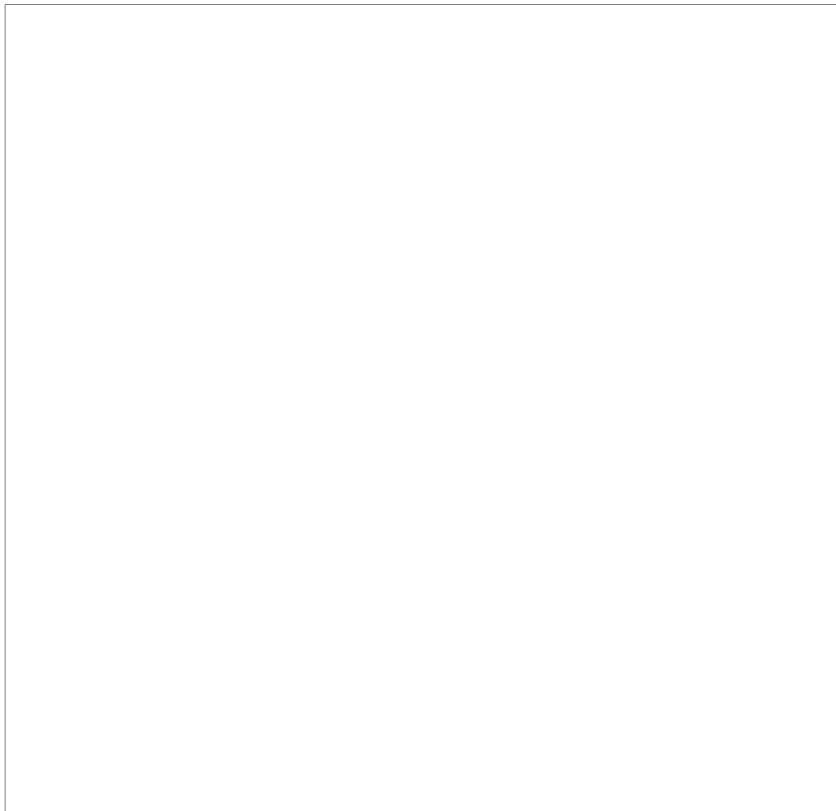


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EGYPT-LIBYA

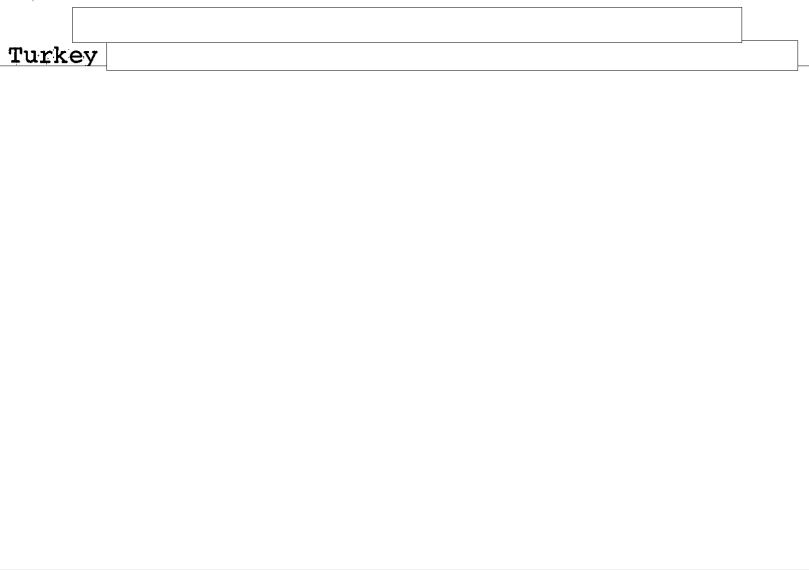


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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES



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*During the past several days, some senior Yugoslav military officers have sought out our ambassador to request closer military relations, including a new weapons deal.*

*One officer said the regime's occasional assertions that the West posed a threat to Yugoslavia were no more than a political maneuver. Some officials have indicated that they are uneasy about their country's heavy dependence on Moscow for modern arms.*

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

\* \* \*

*Iceland has revived its old tactic of linking fisheries and trade issues to its membership in NATO and the US-manned NATO base at Keflavik.*

Prime Minister Halgrimsson and an important Icelandic party leader have both warned the US embassy in Reykjavik that, unless West Germany withdraws its veto of EC tariff concessions for Icelandic fish products and unless West Germany and the UK agree to stop fishing within 50 miles of Iceland's shores, Reykjavik may retaliate against the base and reconsider its membership. Iceland's economy is being hurt by the West German veto, and fishing is an emotional issue in Iceland. Icelandic leaders will be under increasing pressure to use all the weapons in their armory in this dispute.

\* \* \*

*Japan is cool to France's proposal for a five-nation economic summit, but Prime Minister Miki probably will go along with the proposal if you agree to it.*

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At recent meetings of the International Monetary Fund, the French have been holding out for a return to fixed exchange rates, and the West Germans may be moving toward the French position.

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(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

\* \* \*

*The Laotian communists may be preparing for a new round of demonstrations in Vientiane* [redacted]

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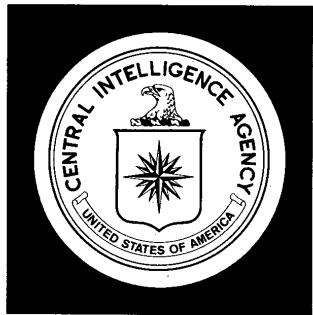
[redacted] communist cadre are laying the groundwork for demonstrations to oust municipal authorities, but not to affect the national government. The communists may wish to secure a firmer grip on Vientiane's civil administration and rekindle popular enthusiasm for the revolution. [redacted]

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# The President's Daily Brief

August 4, 1975

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5  
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*FOR THE PRESIDENT ONLY*

August 4, 1975

Table of Contents

Japan: Prime Minister Miki will begin his discussions in Washington tomorrow. (Page 1)

Iran: [redacted] 25X1  
(Page 3)

Notes: OAU; Egypt-USSR; Argentina; Portugal (Pages 4 and 5)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

JAPAN

*Prime Minister Takeo Miki will begin his discussions in Washington tomorrow determined to continue his friendship with the US [redacted]*

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*Chosen to replace Prime Minister Tanaka last December when a deadlock between two more powerful contenders created a crisis in the ruling Liberal Democratic Party, Miki is [redacted] the most progressive [redacted] of recent Japanese leaders.*

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*The support of Fukuda and the conservative wing of the party has restrained as well as sustained Miki in office. The Prime Minister has occasionally cooperated with opposition parties in the Diet in order to promote reform legislation. This tactic [redacted] has*

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*enhanced his reputation as a skillful political maneuverer. Miki has been able to manage fairly effectively the country's economic problems; he has improved relations with South Korea and Nationalist China, and has gotten passage of some modest reform bills. [redacted]*

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*[redacted] He is a longtime friend of the US and is especially hopeful of contributing personally to the tone of the US-Japan relationship. He will be interested in your views on the Middle East, the SALT talks, and on the Helsinki conference. Of additional interest, of course, will be the future of Asia in the post-Vietnam period and the prospects*

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(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

for cooperative US-Japanese approaches to China, Korea, and Southeast Asia. China is clearly Miki's major preoccupation, however, in view of the stand-off between Tokyo and Peking on negotiations for a peace treaty. The sticking point continues to be China's insistence on a clause--generally regarded as anti-Soviet--condemning "third-party hegemony" in Asia.

Japan's relations with the Soviet Union, meanwhile, remain correct, while economic ties continue to expand. Tokyo and Moscow have no peace treaty of their own because the Soviets have refused to consider Japan's claim to the occupied Northern Territories. At this time, there is little popular pressure in Japan for any concessions to Moscow aimed at improving relations.

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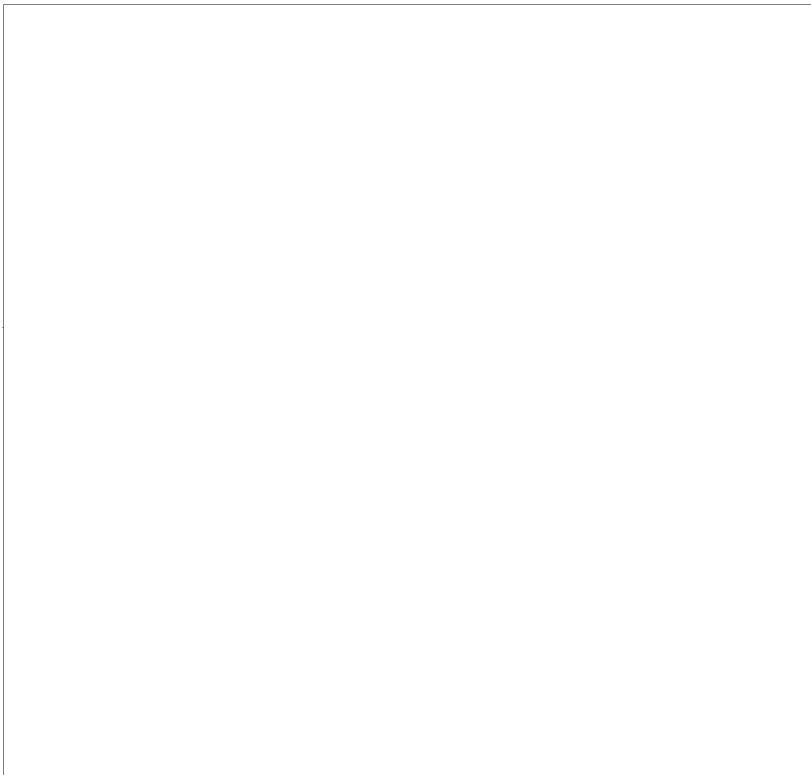
Tokyo has accepted recent events in Indochina philosophically, after an initial period of hand-wringing. Japan's interests in Southeast Asia--access to markets and raw materials--have been largely unaffected by the communist victories and the Japanese are working to establish relations with the new communist governments. At the same time, the Japanese are placing new emphasis on relations with the ASEAN states. [redacted]

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*FOR THE PRESIDENT ONLY*

IRAN

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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NOTES**

The Organization of African Unity summit ended on Friday after adopting watered-down resolutions on Israel and Palestine. OAU members were asked to increase pressure on Israel at the UN, but only the "possibility" of Israel's future ouster from the organization was mentioned. The OAU merely expressed solidarity with the Palestinians.

The members rejected an Egyptian-sponsored resolution calling for Israel's suspension from the UN General Assembly. They also warded off strong pressure from the Palestinians for the establishment of Palestine Liberation Organization offices in OAU member states. As expected, Ugandan President Amin was elected OAU chairman for the coming year.

\* \* \*

Egyptian Finance Minister Ismail was unsuccessful during his meetings in Moscow last week in getting the Soviets to reschedule payments of Egypt's military debt, according to press reports from Cairo.

Egypt had requested an extension of the ten-year moratorium on its military debt that expired last year. Without this concession, Egypt will have to divert large quantities of exports to the USSR and additional strains will be placed on Cairo's balance of payments. Despite the tough position taken by the Soviets and their insistence on immediate payment of some \$200 million, Moscow undoubtedly wants to continue the dialogue with the Egyptians. Discussions concerning a Soviet offer to expand its participation in Egyptian development plans will take place soon in Cairo and the debt question is sure to be aired again.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

\* \* \*

A small group of cabinet officials will be exercising the executive functions of the government when Argentine President Peron begins a one-week vacation today.

The group, dubbed the "mini-cabinet," is led by Interior Minister Benitez, Justice Minister Corvalan, and Defense Minister Garrido. It has gained increasing prominence as the President's authority has all but disappeared and other cabinet ministers continue to be criticized for their links to ousted presidential adviser Lopez Rega. We do not know how President Peron's situation will be resolved, but the majority of the country's military officers still want the civilians to try to muddle through.

\* \* \*

Portugal's new three-man executive still has not formed a cabinet, renewing speculation in Lisbon that Prime Minister Goncalves may be forced to step down.

Meanwhile, the continuing factional strife among the leaders may be affecting discipline in key military units.

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The ouster, moreover, of nine officers and four sergeants from a commando regiment of the internal security forces last Thursday, apparently for their efforts to purge pro-Communists from the unit, is still in dispute.

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# The President's Daily Brief

*August 5, 1975*

5

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*FOR THE PRESIDENT ONLY*

August 5, 1975

Table of Contents

Portugal: The heated denial yesterday by Prime Minister Goncalves' office that he has resigned may mean that he has refused to accept defeat.  
*(Page 1)*

India: Prime Minister Gandhi continues to consolidate her power and may try to alter the nation's parliamentary form of government. *(Page 2)*

Cyprus: Prospects for a negotiated settlement may have improved. *(Page 3)*

Notes: USSR-Nigeria; Argentina *(Page 4)*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

*The heated denial yesterday by Portuguese Prime Minister Goncalves' office that he had resigned may mean he has refused to bow to the forces arrayed against him. If so, the battle for political dominance could expand with dramatic suddenness within the military itself.*

Usually well-informed sources of the US embassy earlier yesterday had suggested that Goncalves had deferred to President Costa Gomes, who was to form a government that would allow Goncalves only a minor role. These sources indicated that the Socialists and the center-left Popular Democrats would be asked to join the cabinet.

The Prime Minister's office branded press reports of his resignation lies and said Goncalves would form a government later this week. Last night, Goncalves received support for continuing as prime minister from several dozen officers at the general headquarters of the Lisbon Military Region. The Lisbon Military Region, however, is not typical of the armed forces as a whole, in which anti-Goncalves sentiment reportedly is growing.

Tension, meanwhile, increased in the conservative north of Portugal yesterday, when two anti-communist demonstrators were killed by an army captain. The shootings occurred when a local Communist headquarters was razed. The demonstrators were reportedly assisted by some members of the security forces. The Communist--apparently attempting to divert attention from the groundswell of anti-communist sentiment--blamed this and previous like incidents on the Portuguese Liberation Army, a group of conservative Portuguese dissidents headquartered in Spain.

*FOR THE PRESIDENT ONLY*

**INDIA**

*Prime Minister Gandhi continues to consolidate her power and may try to alter the nation's parliamentary form of government.*

Rumors are circulating in New Delhi that Gandhi intends to propose basic changes to the political system.

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The regime continues to round up its opponents. Some 500 leaders of the Akali Dal, a regional party in the Punjab, have been arrested.

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[redacted] The US embassy in New Delhi has confirmed the recent detention of a number of university and high-school teachers in the capital. Conservative estimates now place the number detained for political reasons at 6,000.

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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CYPRUS**

*Prospects for a negotiated Cyprus settlement may have improved. Greek Prime Minister Karamanlis and Greek Cypriot riot negotiator Clerides have persuaded President Makarios to accept the Turkish demand for a bi-regional federation with a weak central government.*

The Greeks, moreover, apparently no longer will insist that a substantial number of Greek Cypriots be permitted to reside in the north as part of a final settlement.

The Greeks will concentrate instead on recovering some of the territory under Turkish control, especially Famagusta and the rich Morphou area northwest of Nicosia. They are ready to accept a Turkish Cypriot zone incorporating as much as 25 percent of the island. The Turks now occupy 38 percent.

Turkish Cypriot negotiator Denktash has promised to present proposals on the territorial question [redacted]

[redacted] In the meantime, the negotiators will continue to meet informally in Nicosia.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTES

*The USSR has suspended deliveries of MIG-21s to Nigeria since the coup on July 29.*

[redacted] two to three MIG-21s may have arrived. Nigeria contracted in 1974 for 36 of the aircraft.

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\* \* \*

*Despite announcements that Argentine President Marie Estela Peron was to begin a week's vacation, she made a well-publicized return to the presidential office yesterday, apparently to demonstrate that she still has a firm hold on the presidency.*

Peron has, in fact, been deprived of effective power. The business of government has fallen increasingly to three members of the cabinet who may be working to keep her in the public eye, where she can divert public attention from their handling of day-to-day problems. Her retention as a figurehead also suggests that acceptable arrangements for a successor remain elusive. Her continuance in office will screen the continued maneuvering for influence among major power groups, such as labor and the military.

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# The President's Daily Brief

August 6, 1975

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exemption category 5B(1),(2),(3)  
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August 6, 1975

Table of Contents

USSR: We have cut our forecast of Soviet grain output to 165 million tons because of the continued hot, dry weather in Soviet grain lands.  
*(Page 1)*

Portugal: Civil violence continued in northern Portugal yesterday as top military leaders met to try to restructure the government's executive. *(Page 3)*

Notes: Somalia; Angola; Egypt-Iran *(Pages 5 and 6)*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**USSR**

*The cumulative effects of hot, dry weather in the Soviet grain lands have led us to cut our forecast of Soviet grain output to 165 million tons, down 20 million tons from our previous forecast of 185 million tons.*

Recently acquired data from [redacted] weather monitors, and US travelers indicate that the drought is more severe in the southern and eastern Ukraine, northern Urals, and northern Kazakhstan than previously thought. This year's drought is more widespread than the one in 1972, and in many areas is worse than in 1963 and 1965, the poorest agricultural years in the past 20. Rain fell at the end of July, but this was too late to help the grain crop. The drought has also curtailed forage crops, although recent rains have improved the outlook for potatoes, the other important starchy staple in the Soviet diet.

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The total shortfall in Soviet production in relation to expected requirements probably will be in the order of 50 million tons--the equivalent of one fourth of the total US grain crop and more than one third of total world grain exports last year. To date the Soviets have contracted for about 13.5 million tons of foreign grain, and it now seems certain that Moscow will be back for additional large quantities. Although the Soviets should be able to finance larger imports of grain, available world supplies are nowhere near sufficient to satisfy all Soviet needs without drastic increases in world prices.

Although the eventual volume of Soviet grain imports will be affected by the size of Western grain crops, it is clear in any event that Moscow will have to make substantial domestic adjustments to cope with a substantial part of the shortfall. The Soviets will draw on their small cushion of grain reserves (estimated in the 10 to 15 million ton range) and will take some combination of the following steps:

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

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--Raise milling rates--increasing the amount of flour milled from a ton of grain (as Khrushchev did following the poor 1963 harvest) would reduce the quality of flour but save approximately 4 million tons of grain.

--Slaughter livestock--reduction in livestock inventories to the 1972 level (a 5-percent cut) would lower the demand for feedgrains by roughly 6 million tons.

--Reduce feed rations per head of livestock-- if these were reduced to the 1972 levels, another 13 million tons could be saved but the future output of meat would fall.

Although the Soviet government, with its commitment to raising living standards, will be very reluctant to take such steps, it will have no alternative.

A harvest failure of this magnitude will complicate political life in Moscow and weaken Brezhnev's position in the leadership. The failure will have an impact on a wide range of matters: the consumer program, formulation of the next five-year plan, a program for the Party Congress in February, and relations with the West. Debate and disagreement are likely to become more heated on many issues.

*FOR THE PRESIDENT ONLY*

PORUGAL

*Civil violence continued yesterday in northern Portugal as the country's top military leaders met again in Lisbon to discuss the restructuring of the government's executive.*

[Redacted Box] 25X1

Goncalves met briefly with some members of his former cabinet yesterday, apparently in an effort to demonstrate that the country's affairs are being administered by a caretaker government.

In the north, where two men were killed on Monday, hundreds of demonstrators sacked Communist offices. Similar anti-Communist violence has been reported in other areas, and a northern police spokesman said that the people are mobilizing in many villages to "finish off the Communists."

The visiting military governor of the Azores,

[Redacted Box] that there is a strong separatist movement in northern Portugal favoring regional autonomy. The movement, [Redacted Box] may soon begin inciting the people [Redacted Box] to "rise up" against the central government.

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Violence has not been confined to the north. A bomb exploded yesterday in Lisbon outside a government office. Elements of the Portuguese Liberation Army, an exile group operating out of Spain, reportedly were responsible for similar bombing incidents several weeks ago.

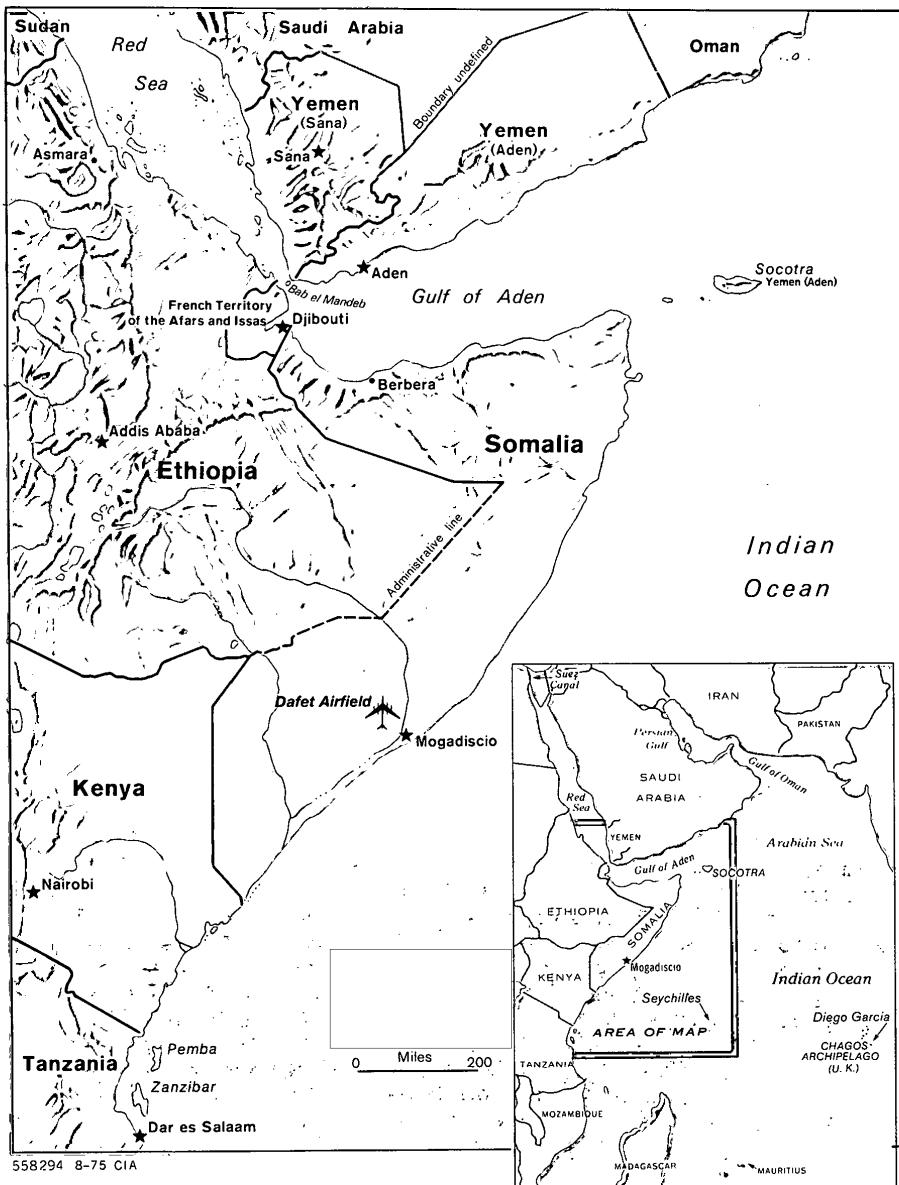
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Communist efforts to infiltrate and control key military units also suffered a reversal yesterday. Last week they appeared to have succeeded in ousting a conservative commander, Colonel Neves, and his supporters from the Amadora Commando Regiment, outside of Lisbon. After an official investigation, however, Neves and his men were reinstated and court-martial proceedings were ordered for the Communist instigators. The Amadora decision should not only reinforce flagging military discipline, but also give badly needed encouragement to military personnel who oppose Communist infiltration of their units.

*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

NOTES

[redacted] the  
operational status of the newly completed Somali  
military airfield at Dafet, 50 miles northwest of  
Mogadiscio.

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Upgrading and expansion of the Dafet airfield by Soviet construction crews has been under way for over two years. The airfield combines modern equipment with the longest runway in use at a Somali military facility. Should Somalia agree to Soviet use of Dafet, the USSR could employ it as a staging base for TU-95 aircraft flying reconnaissance missions over the eastern and southern reaches of the Indian Ocean, including Diego Garcia and the Seychelles Islands.

\* \* \*

*Fighting in Angola between the Popular Movement and the National Front has spread south of Luanda into an area where traditional tribal ties are with the third independence movement, the National Union.*

National Union leader Jonas Savimbi--who thus far has remained neutral in the fighting--[redacted] probably will be forced to defend his territory. [redacted] his organization is not strong enough to accomplish this without forming an alliance with one of the other groups, most likely the National Front. A military alliance would not necessarily give the National Front and the National Union military superiority over the Popular Movement, but would force that organization to divide its resources. Meanwhile, everyone is waiting for new political signals from Lisbon.

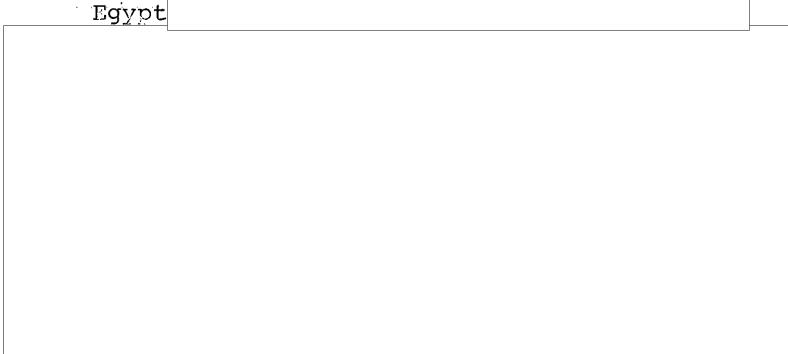
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Egypt



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# The President's Daily Brief

August 7, 1975

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Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1),(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 7, 1975

Table of Contents

Portugal: The military leadership, now in its fourth week without a government, is trying to quell anti-Communist violence in the north.  
*(Page 1)*

Oil: The Communist countries play a small role in meeting the oil and gas needs of the West.  
*(Page 3)*

Notes: Angola; Israel-Chile *(Page 5)*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

PORUGAL

*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.

\* \* \*

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. [redacted]

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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."

(continued)

**FOR THE PRESIDENT ONLY**

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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.

*FOR THE PRESIDENT ONLY*

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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.

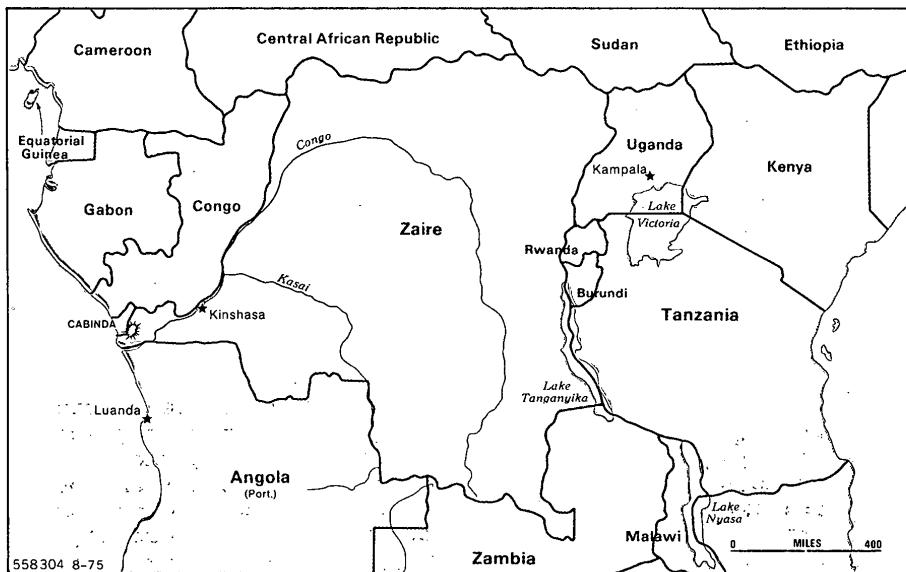
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*FOR THE PRESIDENT ONLY*

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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.



*FOR THE PRESIDENT ONLY*

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 enclave.*

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

\* \* \*

Israel [redacted]  
[redacted] Chile [redacted]

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# The President's Daily Brief

*August 8, 1975*

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declassification schedule of E.O. 14176  
exemption category SR(1),(2),(3)  
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the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 8, 1975

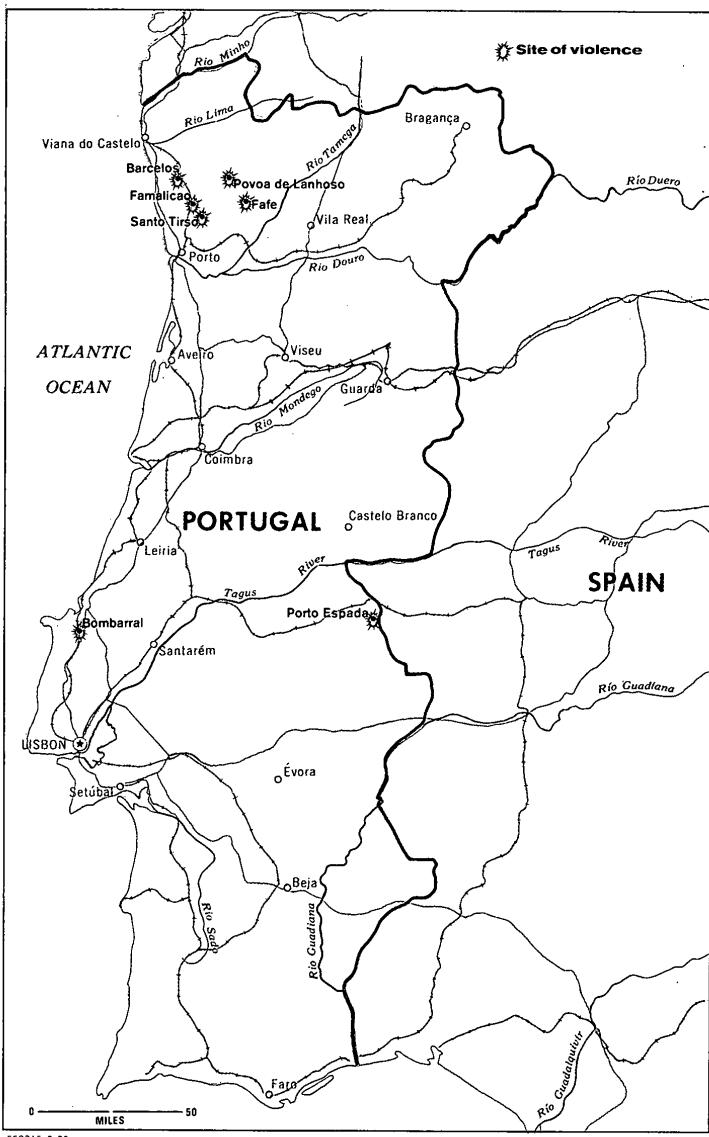
Table of Contents

Portugal: The country's radical leaders face an increasingly rebellious population supported by some military units in the north. Meanwhile, Azorean separatists are more determined than ever to seek independence. (Page 1)

Turkey: Ankara is unlikely to put its relationship with the US back on its old footing, even if the arms embargo is lifted. (Page 3)

Notes: North Vietnam - Thailand; USSR (submarine); France - Saudi Arabia  
(Pages 5 and 6) 25X1

*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

PORUGAL

*Portugal's radical leaders are confronted with an increasingly rebellious population, whose cause is supported by some military units in the north.*

Yesterday, Portuguese army units in the north openly defied orders from Lisbon to quell anti-Communist disturbances. One press report says the units presented the commander of the northern region with a petition supporting the creation of a multi-party government.

The momentum for a direct challenge of this type has been building all week. If it continues, the leaders of the ruling Armed Forces Movement will face several options:

--They can accede to the demand for a multi-party socialist state. This would be a major victory for the democratic political parties and the less radical, pro-Western faction in the Revolutionary Council.

--They can try to ignore the demands and attempt to impose a severe clampdown. Some hint of this course of action is evident in recent high-level discussions of new press censorship and austerity measures.

--They can try to consolidate their support in Lisbon and in the south--in effect cutting the dissident areas adrift--in the hope that they can avoid a major test of strength now and reimpose their influence in dissident areas later.

Because anti-Communist sentiment is increasing not only in the north but elsewhere in the country and because the discipline of military units necessary to quell a rebellion is at a low ebb, common sense would seem to dictate some concessions by radical officers and the Communists. Most press accounts, however, indicate that the Armed Forces Movement is not yet ready to give in.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

The press in Lisbon is predicting that the government that is scheduled to be sworn in today will again be led by Vasco Goncalves and that it will be made up largely of radical officers, Communists, or Communist-sympathizers. The Socialist and Popular Democratic parties reportedly will not be represented. This situation could change after internal security chief Carvalho and Army Chief of Staff Fabiao report to the Movement on their tour of the northern area and present their views on the mood of the populace.

Late reports indicate that anti-Goncalves elements are still making an effort to persuade President Costa Gomes to head off the installation of the new government, which they have publicly denounced as "manifestly incapable."

\* \* \*

*Azorean separatists are more determined than ever to seek independence from the mainland.*

Leaders of the Front for the Liberation of the Azores told our embassy officials in Lisbon that they are prepared to cooperate with anti-Communists on the mainland, but do not intend to lose sight of their long-range goal of independence.

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[redacted] Anti-Communists on the mainland had hoped to convince the separatists to go slowly in the quest for independence because the threat of losing the Azores would be additional leverage against a Communist take-over on the mainland. The military governor of the Azores, meanwhile, claims he will not support an independence movement unless he is convinced the mainland is in Communist hands.

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*FOR THE PRESIDENT ONLY*

TURKEY

*Turkey is unlikely to put its relationship with the US back on its old footing even if the arms embargo is lifted.*

Turkish commanders will probably retain the administrative command they now exercise over previously US-controlled installations, and it is possible that the Turks will charge rent and/or place the installations under a "NATO umbrella." [redacted]

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[redacted] 25X1

Opposition leader Ecevit, however, has recently ruled out either a rental arrangement or placing the bases under NATO control. In part with an eye on the upcoming senate elections, he has accused the government of not being decisive enough in its countermeasures. He also has raised questions about the continued presence of American forces in Turkey. In fact, the embargo has given impetus to those elements in Ecevit's party and in the country who advocate a nonaligned or at least a more independent policy. It is clear that Ecevit and his Republican People's Party will push for a diminution of the US role whether the embargo is lifted or not.

Demirel is also having trouble with his Salvationist Party coalition partner, Deputy Prime Minister Erbakan, who has been privately critical of the Prime Minister's handling of the retaliatory measures against the US bases; he would have preferred stronger action. [redacted]

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*FOR THE PRESIDENT ONLY*

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\* \* \*

*Six months after the imposition of the US arms embargo, the capabilities of the Turkish armed forces have declined to the point that Turkey would have difficulty meeting its obligations as a NATO ally.*

Information is limited on the immediate effects of the embargo, due to restrictions on the access of US personnel. We do know that the air force has had the most problems; the number of aircraft grounded for repairs has increased considerably. The army is resorting to cannibalization and is reducing the use of equipment in order to keep major items operable. The navy has been the least affected. Cannibalization and Turkish manufacture of small parts, however, will not be sufficient to sustain Turkey's military capabilities much longer.

*FOR THE PRESIDENT ONLY*

## FOR THE PRESIDENT ONLY

## NOTES

The North Vietnamese party daily carried an editorial yesterday strongly supporting Thai insurgency forces; the editorial is one of a series, published over the past month, that is critical of Thai foreign policy.

The North Vietnamese obviously are smarting over Bangkok's refusal to resume diplomatic discussions in Hanoi--delivered in an unusually blunt note from Foreign Minister Chatchai in late June. In addition, they are presumably suspicious of Bangkok's quick establishment of formal relations with China. The commentaries are particularly critical of Thai relations with the US, charging Bangkok with continued "collusion" and lack of sincerity in efforts to remove US military forces.

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Soviet

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A Soviet submarine in the Mediterranean may be in trouble.

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A US naval reconnaissance aircraft yesterday sighted an F-class submarine on the surface next to a Kashin-class ASW ship. Other ships have now reached the area and the group is moving slowly toward the Egyptian coast. We do not know the nature of the problem.

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FOR THE PRESIDENT ONLY

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Arabia

French

Saudi

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# The President's Daily Brief

August 9, 1975

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Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1),(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 9, 1975

Table of Contents

Portugal: The new cabinet headed by Prime Minister Vasco Goncalves is dominated by radical military officers and by front men and sympathizers of the Portuguese Communist Party. (Page 1)

USSR: The Soviets' handling of issues relating to the Helsinki summit shows an effort to preempt anticipated accusations from the West that they are violating the Helsinki agreements. (Page 2)

Syria-Israel:

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(Page 3)

OAS: The San Jose conference to amend the Rio Treaty and subsequent consultations on ending the Cuban sanctions provide a perspective on the state of US - Latin American relations. (Page 4)

Notes: USSR; Turkey; Jordan; China (Pages 5 and 6)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**PORUGAL**

The new Portuguese cabinet headed by Prime Minister Vasco Goncalves is dominated by radical military officers and by front men and sympathizers of the Portuguese Communist Party. The composition of the cabinet is almost certain to alienate further large segments of Portugal's already aroused populace. The most immediate threat to the new government, however, comes from the strong dissident group within the Armed Forces Movement itself which on Thursday publicly attacked the program of the present leadership.

Now that a group of non-radical officers has publicized its irreconcilable differences with Goncalves' regime, the two camps would appear to be on a collision course. The dissidents include a large number of the original leaders of the April 25 revolution and the commanders of two of the four Portuguese military regions. Assuming that wide-scale arrests or purges may be imminent, the dissidents are actively canvassing additional support throughout the military.

A key factor in the success or failure of the dissidents will be the stand taken by General Otelo de Carvalho, head of the security forces. Carvalho is an opportunist, and if he is convinced of the success of the opposition move, he will support it.

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The document issued by the dissidents on Thursday provides a rallying point for non-radical elements outside the military, including the democratic parties. Socialist leader Mario Soares, who yesterday called the new government "crypto-communist," reportedly has given the document his enthusiastic support. It is also likely to have broad appeal to the clergy and to the militant anti-communists who have participated in recent incidents of violence in the north.

*FOR THE PRESIDENT ONLY*

USSR

*Since Helsinki, Soviet news commentators are saying that the summit has created a climate conducive to ongoing disarmament negotiations, including SALT. The Soviets already show signs of using the Helsinki document for their own purposes.*

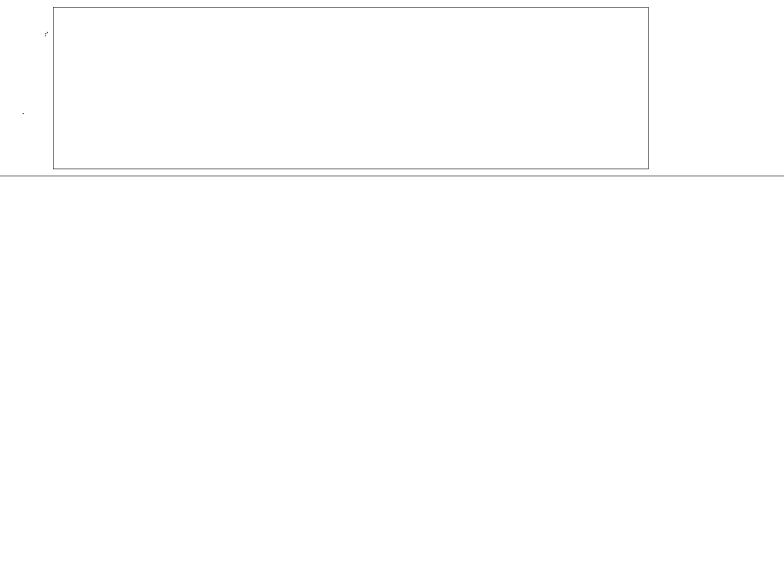
The Politburo communiqué blessing CSCE refers to the humanitarian exchanges within the "observance of the law and traditions of each country"-- wording specifically rejected by the West during the negotiations and not included in the final document.

The Soviets used the non-interference clause of the CSCE document in Pravda on August 7 to excommunicate the EC for what Moscow argues is the West's interference in the internal affairs of Portugal. This approach is clearly intended to be pre-emptive. Moscow has already shown its sensitivity to charges that it is materially supporting the Portuguese Communists and the radical elements of the Armed Forces Movement. The USSR presumably anticipates that the West will sooner or later claim that the Soviets are violating the Helsinki agreements.

*FOR THE PRESIDENT ONLY*

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**SYRIA-ISRAEL**



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**ORGANIZATION OF AMERICAN STATES**

*The San Jose conference to amend the Rio Treaty and the subsequent consultations on ending the Cuban sanctions provide a perspective on the state of US - Latin American relations.*

Despite the long-standing "natural" alliance between the US and the rest of the hemisphere, Latin American countries seem to find their interests at odds with those of the US. This ambivalence is evident in the frequent contrast between a country's style in dealing directly with Washington and its confrontational tactics in multilateral forums.

Latin American countries, which in concert have regularly deplored US influence and involvement in their affairs, have now in effect acknowledged that their basic security is naturally and inevitably linked with that of the US. After critically reviewing the Rio Treaty for two years, the Latin governments wanted only small alterations of the 28-year-old document, and endorsed the pact essentially as it is.

One change in the treaty addressed a political flaw magnified by the Cuban issue--the requirement that sanctions imposed by a two-thirds vote can be removed only by the same procedure. For the last two years this requirement has been ignored by over half the signatories in their relations with Cuba. Efforts to bring the treaty's dictum in line with reality were repeatedly stymied by a vote of one-third-plus-one. The two-thirds rule technically remains in force until the San Jose amendments are ratified by two thirds of the member governments. As an interim expedient, a "freedom of action" resolution was adopted at the subsequent meeting that leaves each members' relationship with Cuba a purely bilateral affair.

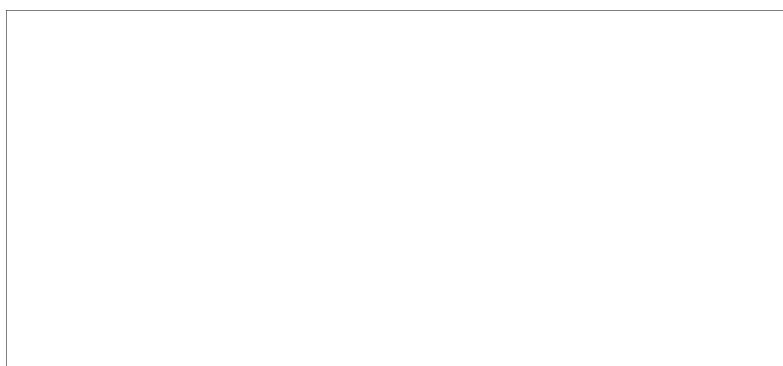
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NOTES



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*The Turkish government has informed the US embassy of further restrictions at US bases including the closing of base exchanges and commissaries.*

A Foreign Ministry official has explained that these restrictions are provisional and possibly can be changed when negotiations for new defense arrangements are undertaken. US C-130 aircraft landing at Diyarbakir and Cigli air bases yesterday were assessed landing fees, and Erhac and Samsun bases have informed us that fees will be required there. The landing fees have varied at each base. Meanwhile, Foreign Minister Caglayangil yesterday publicly rejected any possibility of reactivating the bases under NATO. His hard line is probably an effort to cope with continuing opposition criticism that the government has been indecisive on the bases issue.

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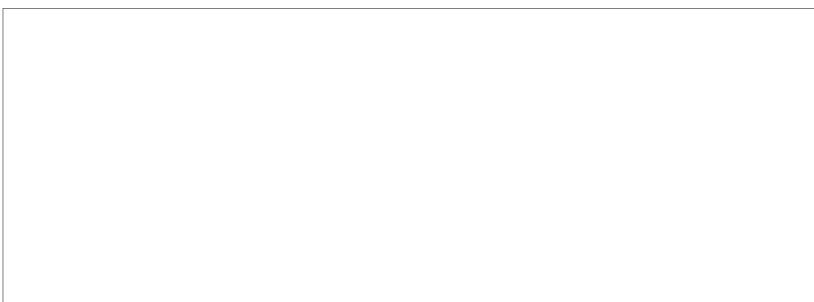
*FOR THE PRESIDENT ONLY*

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*Jordan's King Husayn is trying to portray the Hawk air defense sale as a test of US support for the more moderate Arab states.*

Husayn originally said he would turn to another Western state if the Hawk deal fell through, but on Thursday he told several US correspondents that he would have to go to the Soviet Union because he did not think any of the European states could meet Jordan's air defense requirements. Husayn said he did not want Soviet technicians in Jordan, but that Jordanians might be sent to the Soviet Union or Syria for training if Soviet equipment were bought. Husayn does not want Soviet missiles and is probably trying to pressure Congress to approve the original Hawk package.

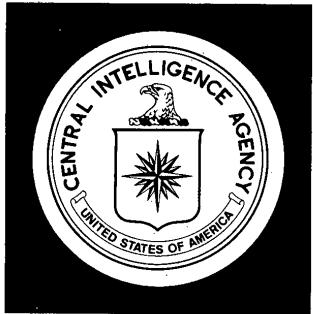
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# The President's Daily Brief

August 11, 1975

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declassification schedule of E.O. 11652  
exemption category, SR(1)(2),(3)  
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*FOR THE PRESIDENT ONLY*

August 11, 1975

Table of Contents

Portugal: The anti-regime document released last week appears to be drawing widespread support from military units throughout the country.  
*(Page 1)*

Angola: The fighting has created a serious refugee problem. *(Page 3)*

Note: USSR *(Page 5)*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

PORUGAL

The anti-regime document released last week by dissident members of the Armed Forces Movement appears to be drawing widespread support from military units throughout Portugal. The decision of the ruling three-man directorate to suspend the nine original signers from the Revolutionary Council may cause more of the military to support the document.

A communiqué on the suspensions, issued last night by the internal security forces, says that those officers holding purely political posts were ordered to report to their general staffs for re-assignment. Those who held military positions, namely the commanders of two of Portugal's three military regions, will retain their commands.

General Otelo de Carvalho, chief of the security forces, has publicly denounced the dissidents' document, but is [redacted] waiting to see how much support the document gets before finally committing himself. The security forces' communiqué is being interpreted as an indication of Carvalho's support for the dissidents.

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Army units, according to press reports, met yesterday to decide how to react to the suspension of the nine. [redacted]

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majority of reactions [redacted] so far supports the document drafted by former foreign minister Antunes. At least 400 officers and some entire units [redacted] have signed the document. Two of the three military regions [redacted] approve [redacted]

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The original signers had requested that military personnel make their position known by today. Final assessment of support may be delayed beyond today's deadline, since circulation of the document has been slowed, in part because pro-Goncalves supporters have threatened to take legal action against those who circulate the document.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

President Costa Gomes reportedly agrees with most of the document, but does not approve of the timing or the way it was presented. He told Ambassador Carlucci on Saturday that the new Goncalves government will have a "short life" since it is no more than a transitional government, designed to give the military more time to set up a viable government machinery.

Costa Gomes said he intends to initiate meetings this week with political party leaders to discuss the formation of a more broadly based government.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**ANGOLA**

*The fighting has created a serious refugee problem. As whites crowd into Luanda waiting to get out of the territory, blacks are fleeing the capital and other major towns for the safety of the countryside. Another wave of blacks, who had left Angola during the fighting against the Portuguese, is now streaming back into the territory.*

Portuguese capabilities are clearly not up to the task of airlifting 270,000 whites to Portugal between now and the end of October. Fuel shortages and lack of personnel to process the refugees have already cut the evacuation from the planned 3,000 a day to an average of 1,200.

Many whites in Angola suspect Lisbon is deliberately slowing the airlift because it fears the effect of a large influx of refugees on Portugal's economic and political problems. Some whites are seeking alternate ways out of the country; several thousand have organized convoys to Namibia, where the South African government is setting up temporary facilities to receive them. The US consul believes few whites will actually change their minds about leaving.

**Unsettled Blacks**

The US consul estimates that the black refugee problem will reach a peak of some 500,000 people. The largest group of refugees so far totals some 200,000 who have returned to northern Angola from Zaire since the transitional government was established last January. They were attracted by the prospect of independence and wanted to return to their traditional lands from which they had fled in the early 1960s.

Some of these refugees have resettled on their own lands; others have taken jobs on coffee plantations; most are simply squatting. Food, clothing, and housing are scarce.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

The UN High Commissioner for Refugees in Angola recently estimated that a proper relief program for the territory's uprooted blacks would cost as much as \$50 million, and no such amount is in sight. For the time being, the UN, the Red Cross, and the Catholic and Baptist churches are reacting on an ad hoc basis. They have been unable to come up with comprehensive programs because of the lack of funds and the unsettled conditions in the countryside. Even when funds are available, supplies are not.

The transitional government still has responsibility for coordinating the refugee relief program. Most government officials have disappeared, however, and the few who remain are incompetent or corrupt.

Economic, Social Dislocation

The blacks who are reclaiming their lands in northern Angola will break up the large plantations there on which the north's past prosperity was based. In addition, the whites, who formerly held these estates, are taking away with them needed technical expertise. Even if a political solution should be found soon for the territory, it is doubtful that a significant number of technically trained whites would be willing to return to Angola.

Perhaps the only positive aspect of Angola's refugee problem is that the white departure leaves large numbers of semi-skilled and unskilled jobs available for blacks. Under the colonial regime, such work as loading and construction was restricted to whites. Such jobs will not be filled, however, until some semblance of normality returns to the country.

\* \* \*

Luanda was quiet yesterday following a new round of fighting earlier in the weekend between the Popular Movement and the National Front. Fighting broke out early Saturday morning when Movement troops attacked several offices and residences of Front officials attached to the territory's now virtually defunct transitional government.

*FOR THE PRESIDENT ONLY*

NOTE

*The Soviet press has begun carrying pessimistic reports on prospects for the nation's grain harvest.*

Both *Izvestia* and *Pravda* have reported that the summer drought and poor preparation for the harvest are taking their toll on crop yields. The stories cite instances in which corn, originally intended for grain, has had to be harvested for silage and green fodder. The reports also note some loss of grain from shattering in areas hardest hit by the drought.

*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

August 12, 1975

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~~Top Secret 25X1~~

Exempt from general  
declassification schedule of E.O. 11652  
exemption category, SR(1),(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 12, 1975

Table of Contents

Portugal: The conciliatory tone of Communist leader Cunhal's statement Sunday shows a growing concern over violence and the increasing political isolation of the Communists. (Page 1)

Egypt: [redacted] because of low stockpiles and lack of spare parts, Egypt cannot sustain a military offensive for more than six days. (Page 3)

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Jordan-Syria: King Husayn may sign further agreements strengthening economic, as well as military cooperation, with Syria when he visits Damascus next week. (Page 4)

Portuguese Timor: [redacted]

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[redacted]  
(Page 5)

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Azores: We present our principal judgments on the prospects for Azorean independence. (Page 6)

Notes: USSR; Cambodia; Laos; India (Pages 7 and 8)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

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The conciliatory tone of Communist leader Cunhal's statement Sunday [redacted]

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[redacted] shows a growing concern over the increased violence in northern Portugal and over the increasing political isolation of the Communists. Cunhal called for changes in the government to broaden its support and improve its efficiency. He also stressed a need to overcome widening rifts between civilian organizations and within the military.

The Communist leader appeared to back away from his previous tough positions, renewing an earlier Communist theme that his party is willing to work with all groups that "cooperate with the goals of the revolution." Cunhal also mentioned the need for Portugal to maintain close relations with capitalist countries--especially those in the EC.

A softer Communist line is also evidenced by renewed Soviet interest in a broadly based leftist coalition in Lisbon. The Soviet press has in recent weeks treated the Portuguese Socialists harshly, but in reporting on a recent meeting between Soviet and Italian Communist delegations *Pravda* noted that both sides "advocated unity of action" by all forces of the left, including the Socialists.

Cunhal's remarks had no immediate effect on anti-Communist activity in northern Portugal. In Braga, violence continued for a second day. Demonstrators there burned down the party's headquarters and destroyed the offices of the Communist-dominated Portuguese Democratic Movement and the Communist-controlled labor confederation.

General Pinto Soares has resigned from the Revolutionary Council and from his post as head of the military academy to protest the way decisions are made in the Armed Forces Movement and the continuing radicalization of the military. He voiced even stronger opposition to the dissidents' document drafted by former foreign minister Antunes, which he labeled "divisionist" and "opportunistic."

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

[redacted] sources told the US embassy that they still hope to avoid the use of force to remove Goncalves. They expect to demonstrate so much support within the military that President Costa Gomes will have no alternative but to dismiss Goncalves and his newly formed government. President Costa Gomes' performance to date, however, has raised speculation in Lisbon that he may be reluctant to move against Goncalves because of the close ties between their families or because he is being blackmailed by radical officers for alleged cooperation with the Caetano regime.

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Antunes' group claims to have the backing of most enlisted men and presumably thinks it can count on them for a show of force. The dissidents may be overestimating their support, however, because the men have been subjected to considerable Communist and extreme left-wing propaganda.

Goncalves is unlikely to relinquish power without a struggle, and he still has considerable backing. Despite Cunhal's more conciliatory tone, Communists in the unions and the media would probably lend their support to an effort to maintain Goncalves in office.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

EGYPT

President Sadat received a pessimistic assessment [redacted] from the Egyptian military on its capability to sustain an offensive. [redacted]

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[redacted] because of low stock-piles and the lack of spares from the Soviets, Egypt faces a choice of either going to war by the end of this year or "forgetting all about it" for at least three and one half years until resupply [redacted] could be effectively absorbed. Egypt's options [redacted] could be improved only by major reequipment across the board from electronics to tank parts, presumably from the Soviets.

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[redacted] if an offensive were launched before the end of the year, it could be sustained for no more than six days and would achieve no more than "40 percent" of the accomplishments of the October 1973 war.

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[redacted] Despite these shortages, Egypt's forces appear to be continuing their training without major restrictions. The need for supplies during intensive fighting, however, would be many times greater than during a peacetime training program.

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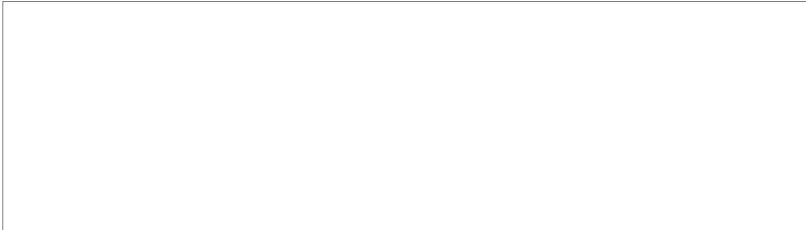
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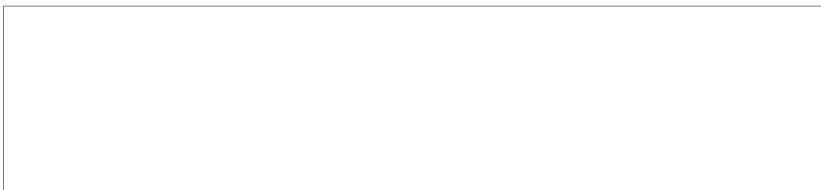
*FOR THE PRESIDENT ONLY*

JORDAN-SYRIA

*King Husayn may sign further agreements strengthening economic, as well as military cooperation, with Syria when he visits Damascus next week.*



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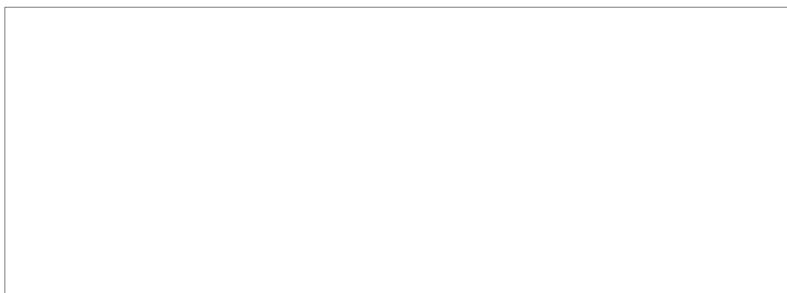


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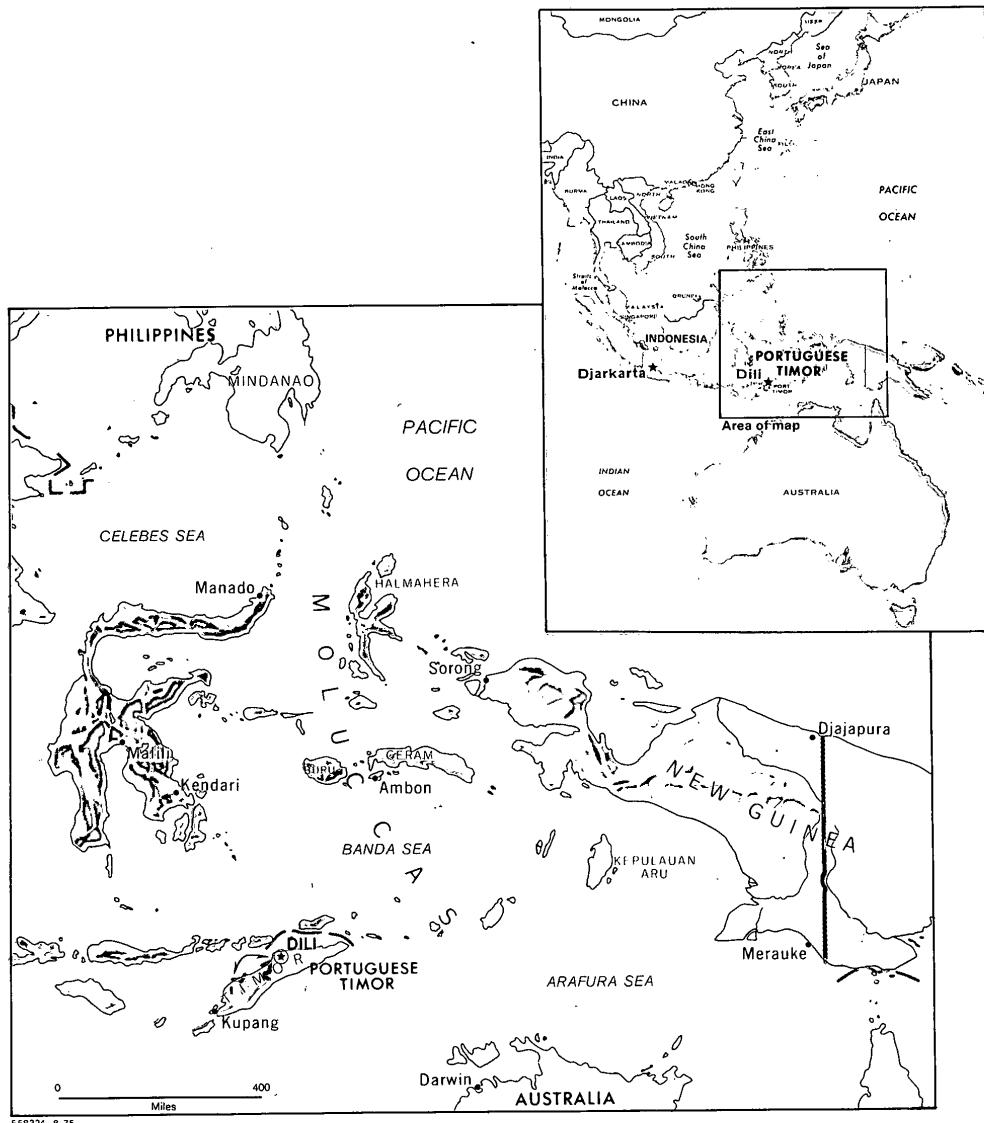
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Husayn apparently has become convinced that better relations with Syria will not only improve Jordan's standing among the other Arabs--especially vis-a-vis the Palestine Liberation Organization--but will also yield substantial economic benefits. The King probably has also concluded that staying on the sidelines in October 1973 cost him his claims to the West Bank.



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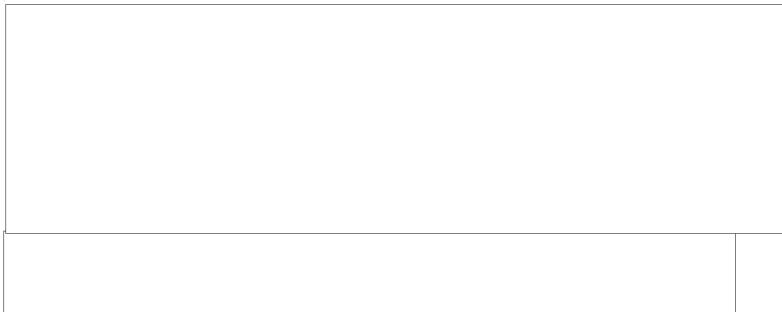
PORtUGUESE TIMOR



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Information about the situation in Timor is still sketchy. Initial reports, however, indicate that members of the Timor Democratic Union Party, an anti-communist, pro-independence group, occupied communications centers, the airport, the police station, and surrounded the Portuguese military headquarters in Dili. It is not clear, however, whether they were seeking to take full control of the government from the Portuguese authorities.

There has been no reaction from the local Portuguese troops, most of whom apparently were out of the capital conducting education missions. The Portuguese governor is reported to have met with the dissidents, but there has been no word on the meeting's outcome.



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President Suharto to this point has avoided using force in the Timor situation because he was concerned about Indonesia's international image and particularly the reaction from Australia and the US. The same considerations still apply and his inclination, despite pressure from his military to invade, may be to wait for further developments in Timor before committing himself.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

AZORES

*The following are our principal judgments on the prospects for Azorean independence.*

The continued domination of Portugal by pro-Communist and radical leftist factions is likely to trigger a move for independence in the Azores in the next few months.

For a variety of reasons, the present Portuguese leadership would experience great difficulty in mobilizing the necessary forces to put down such a rebellion.

With good timing and organization, a revolt having the support of a majority of the island's military commanders and soldiers would probably succeed.

Should non-radicals come to power in Lisbon, however, and take steps to grant additional autonomy and ameliorate the island's economic grievances, sentiment for complete separation from the mainland would decline.

An Azorean revolt at this time could jeopardize present efforts by the anti-Communist forces to return Portugal to a more democratic course, particularly if the pro-Communist and radical leftists could plausibly connect such a move with conservative groups.

## FOR THE PRESIDENT ONLY

## NOTES

The Soviet F-class submarine which developed problems in the Mediterranean last Wednesday entered Alexandria harbor yesterday accompanied by a submarine repair ship.

The F-class has been on the surface since Thursday morning moving toward Alexandria under its own power. Repair at Alexandria rather than by a repair ship at sea suggests that the damage is serious. We do not yet know the nature of the problem or whether any of the crew was injured.

\* \* \*

Prince Sihanouk [redacted] is having second thoughts about returning to Cambodia [redacted]

[redacted]  
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[redacted]  
Sihanouk [redacted] has received two or three invitations to return to Cambodia and now believes he can no longer postpone his decision. His delay probably reflects his wariness at placing himself even temporarily under the control of Phnom Penh's communist authorities. The Khmer communists do have some old scores to settle with the Prince, but they may now view his international prestige as a useful symbol of legitimacy. If the Prince decides to return, he will probably make a brief visit to Phnom Penh next month, and then go on an official visit to several friendly countries.

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\* \* \*

The Laotian communists are planning three to five days of demonstrations in Vientiane this week to formally end the city's neutrality.

Once the 1973 accords, which gave the responsibility for security and other local functions to joint communist and non-communist organizations, are abrogated, the communists will assume direct control, abolish joint governing bodies, and change local officials. Anti-US and anti-Thai demonstrations apparently will be staged as offshoots of the main effort.

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*FOR THE PRESIDENT ONLY*

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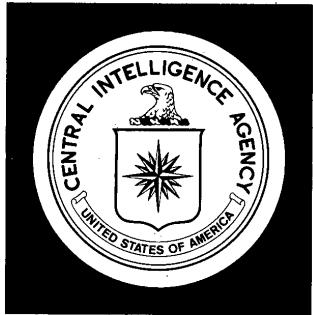
*The Indian Supreme Court's decision to rule on the constitutionality of last week's amendment to the constitution that placed election of the prime minister above challenge in the courts will delay, but is unlikely to alter, a final outcome favoring Gandhi.*

Four of the five justices on the Supreme Court panel that will begin hearing arguments on the case on August 25 have been described by our embassy in New Delhi as the "most committed" to Gandhi of the 13 on the court. A finding in her favor is therefore quite possible. Even if she were to lose on the constitutional issue, the court may void her June conviction by a lower court because of recent changes in the electoral law by parliament. Finally, if the court procedure fails her, Gandhi can use her overwhelming majority in parliament to help her--possibly by creating a constituent assembly to make basic changes in the constitution.

*FOR THE PRESIDENT ONLY*

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*[Handwritten signature]*



# The President's Daily Brief

August 13, 1975

5

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declassification schedule of E.O. 11652  
exemption category 5B(1),(2),(3)  
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*FOR THE PRESIDENT ONLY*

August 13, 1975

Table of Contents

Portugal: Dissident officers apparently have presented to President Costa Gomes their demands for the removal from office of Prime Minister Goncalves. (Page 1)

Saudi Arabia - North Yemen: North Yemen received a promise from Saudi Arabia last week of a \$600-million loan for project aid and budget support. (Page 2)

Note: Indonesia - Portuguese Timor (Page 3)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

*Dissident officers in the Armed Forces Movement apparently presented to President Costa Gomes their demands for the removal from office of Prime Minister Goncalves at a meeting yesterday of the Revolutionary Council.*

Navy Commander Crespo--one of the nine dissident leaders and a rumored possible replacement for Goncalves--told Western diplomats yesterday that if the President did not respond to the dissidents' demands, "just wait a week." This is the first indication that the dissidents might be considering the use of force--which their spokesmen have repeatedly said they are determined to avoid.

Crespo remarked that he resents being called a "moderate," for he believes most enterprises should be owned by the state and that it is inappropriate for Portugal to remain an active member of NATO. He said his views on NATO did not extend to bilateral military arrangements with individual NATO members, such as the US presence at Lajes air base in the Azores.

He also noted that security chief Otelo de Carvalho, who will have a major voice in directing the best disciplined troops in Portugal, supports the dissidents. He claimed the group has the backing of at least 80 percent of the military.

[redacted] sentiment in the armed forces is running heavily in favor of the dissidents' manifesto.

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Troops were placed on alert last night in the southern town of Evora, where the Socialists and the Communists staged simultaneous demonstrations. Military police prevented the outbreak of violence.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

SAUDI ARABIA - NORTH YEMEN

*The North Yemeni Prime Minister received a promise from Saudi Arabia last week of a \$600-million loan for project aid and budget support. As much as \$300 million in Saudi military assistance may also materialize.*

The aid to North Yemen may promote a further decline in Soviet influence in Sana--a prime objective of the Saudis and the current Yemeni leadership. Sana, however, is not above threatening to accept a new Soviet military assistance package to goad the Saudis to move on long-stalled negotiations to modernize the North Yemeni armed forces. Sana's deputy commander in chief is scheduled to visit Saudi Arabia later this month for talks about military aid to be financed by Riyadh.

The volume of the new Saudi commitments to Sana reflects Riyadh's recognition of the role North Yemen plays both in Saudi development and in regional politics. Yemeni laborers are the major source of unskilled manpower in labor-starved Saudi Arabia, and treatment of these workers is a sore point between Riyadh and Sana. The promised Saudi assistance may also increase internal Yemeni support for the present regime's gradual shift to the Saudis and the West in foreign policy.

*FOR THE PRESIDENT ONLY*

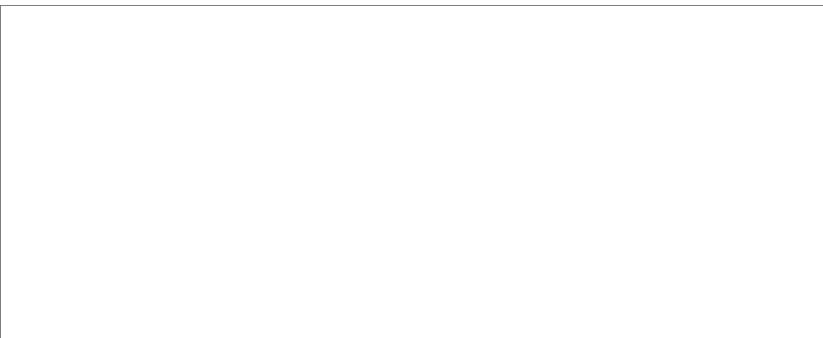
*FOR THE PRESIDENT ONLY*

NOTE

*President Suharto of Indonesia apparently has resisted demands [redacted] for an immediate invasion of Portuguese Timor.*

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*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

August 14, 1975

6

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exemption category 5B(1),(2),(3)  
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the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 14, 1975

Table of Contents

Portugal: Security chief Carvalho, one of the members of the ruling triumvirate, yesterday refused to take sides in the struggle for power between Prime Minister Goncalves and dissident officers and, instead, offered a radical plan of his own. (*Page 1*)

Philippines - North Vietnam: President Marcos has formally apologized for the joint communiqué of August 7 establishing diplomatic relations with Hanoi. (*Page 3*)

Note: Cambodia (*Page 4*)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

Portuguese security chief General Otelo de Carvalho, one of the members of the ruling triumvirate, yesterday criticized both factions in the struggle for power between pro-communist Prime Minister Goncalves and dissident officers in the Armed Forces Movement. Instead of taking sides, he offered his own radical plan for putting the "revolution" back on course.

We do not yet have enough information to estimate whether Carvalho sees his plan primarily as a vehicle for taking power himself or as an alternative program to which all the warring factions of the Movement could rally. Carvalho's populist approach was to revive the idea of undercutting both the Communist and non-communist political parties with popular organizations avowedly intended to forge "direct links" between the military and the people. A similar proposal, when advocated by the armed forces general assembly in July, was widely criticized and was a major factor contributing to the Socialists' withdrawal from the coalition government. Their withdrawal, in turn, precipitated the present crisis.

Carvalho, who many of the dissidents thought was on their side, will probably divide the Movement even further by suggesting an alternative plan and complicate Portugal's effort to sort itself out politically. His move, no matter what its motives, will sap the dissidents' backing.

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From all indications, the dissidents led by former foreign minister Antunes are still collecting signatures for their petition.

[redacted] the dissidents have not yet presented their petition to President Costa Gomes, as had been reported. If the dissidents do not make their move soon, they are likely to lose the momentum that still appears to be in their favor. Support is coming even from unexpected sources. The Lisbon light artillery regiment, considered the most radical unit in Portugal, split, for example, between supporters of the manifesto and those against it.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

These divided loyalties within the military will make public order all the more difficult to maintain. Rival civilian demonstrations are scheduled in Lisbon today. One extreme left-wing group that uses anti-American slogans to attract support is sponsoring a march that will terminate at the US embassy.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**PHILIPPINES - NORTH VIETNAM**

*President Marcos has formally apologized to the United States for the joint communique of August 7 establishing diplomatic relations with Hanoi. Marcos said that the Philippine representative had no authority to sign the communique, and it is therefore invalid.*

The communique includes a Philippine promise not to let the US use Philippine territory "to oppose the Vietnamese people." It also affirms that all property belonging to the former Saigon government should be returned to the new communist regime.

Marcos has told Ambassador Sullivan that the Philippine ambassador in Paris will inform his Vietnamese counterpart that Manila regards the communique as invalid and that negotiations for diplomatic relations are to continue on the status quo ante. Marcos said Manila will advise its partners in the Association of Southeast Asian Nations about what has happened, and he is ready to assure the US that no former South Vietnamese equipment will be returned to Vietnam. The North Vietnamese have already used the communique to criticize Thai refusal to return such equipment.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTE

*Cambodia has named two more leading communists who reside inside the country as deputy prime ministers, further eroding the position of Prince Sihanouk and his supporters in the leadership structure.*

According to an announcement from Radio Phnom Penh, widely traveled Ieng Sary, who probably holds a top position in the Khmer Communist Party, has been named deputy prime minister for foreign affairs. Foreign Minister Sarin Chhak, who is a Sihanouk loyalist and is based in Peking, formerly handled most foreign contacts for the new communist regime. Ieng Sary will head a Cambodian delegation to the foreign ministers conference of nonaligned countries to be held in Peru in late August [redacted]

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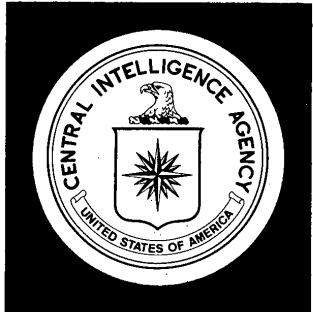
[redacted] Sarin Chhak will

[redacted] serve as his deputy. Son Sen, a member of the central committee of the Khmer Communist Party and former chief of staff of the Cambodian People's National Liberation Armed Forces, is the new deputy prime minister for national defense affairs.

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# The President's Daily Brief

August 15, 1975

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exemption category, 5B(1),(2),(3)  
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the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 15, 1975

Table of Contents

Bangladesh: Commerce Minister Ahmed was named President this morning, following the ouster of Mujib. (Page 1)

Portugal-Azores: The Portuguese government has installed a non-communist junta to administer the Azores. (Page 3)

Saudi Arabia - Israel: [redacted] 25X1

(Page 4)

Egypt-Israel: [redacted] 25X1  
[redacted] 25X1

China: [redacted] 25X1

(Page 6)

USSR: [redacted] 25X1

(Page 8)

Angola: Heavy fighting involving all three of Angola's liberation groups broke out Wednesday in the major port city of Lobito. (Page 10)

Libya-Tunisia: [redacted] 25X1

(Page 11)

Notes: [redacted] Portuguese Timor; Portugal; 25X1  
France - West Germany (Pages 12 and 13)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

BANGLADESH

*Kondakar Mushtaque Ahmed, a pro-Westerner, has been named President of Bangladesh following the ouster early today of the government of President Mujibur Rahman. There have been conflicting reports over the fate of Mujib. Some say he is under house arrest, others assert he has been killed. His two nephews and the Prime Minister have also been reported killed.*

Martial law has been declared, a 24-hour curfew has been imposed in Dacca, and the airport has been closed. The name of the country will reportedly now be changed to the Islamic Republic of Bangladesh.

It is not yet clear exactly which elements of the military moved against Mujib or what the nature of the new government will be, but Ahmed, the former commerce minister, was reputedly the most pro-Western member of Mujib's cabinet. He leads a centrist faction within the ruling party.

As Ahmed seeks to consolidate his political power he may seek the support of rightists in the party, who have been in political eclipse recently. The rightists have long been displeased with what they viewed as Bangladesh's leftward drift, Mujib's dependence on India and the Soviet Union, and his increasingly authoritarian rule.

While few Bengalees have dared to speak out against Mujib, discontent has been widespread, especially with his inability to deal effectively with the country's serious economic problems.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

India will be watching developments in Bangladesh closely. New Delhi views the maintenance of a stable and friendly government in Dacca as vital to its interests. The Indians are sensitive to Bengalee charges of interference in the country's internal affairs, however, and are unlikely to intervene directly unless there is a complete breakdown of law and order.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

PORUGAL-AZORES

*The Portuguese government has installed a non-communist junta to administer the Azores and has provided a budget of \$20 million to help solve economic problems there. Lisbon hopes thereby to ease the growing pressure for Azorean independence.*

General Magalhaes, the military governor of the Azores, who will head the junta, announced on Wednesday that Lisbon had approved his selection of six technical experts to serve with him. The junta has also been charged, in coordination with the popularly elected constituent assembly in Portugal, with drawing up a statute on autonomy.

The Azoreans had feared that Portugal's military leaders would appoint pro-communists or radical leftists to the junta. General Magalhaes apparently succeeded in convincing the leaders in Lisbon that such a move would trigger a revolt, which Portugal would find difficult to suppress.

Prior to Magalhaes' announcement of the junta, a constituent assembly deputy from the Azores told a US embassy official in Lisbon that Azorean separatists would not be satisfied with increased autonomy for the islands. The deputy, a member of the Popular Democratic Party who is believed to be a leader of the separatist Azorean Liberation Front, claimed that the momentum for independence is now irreversible

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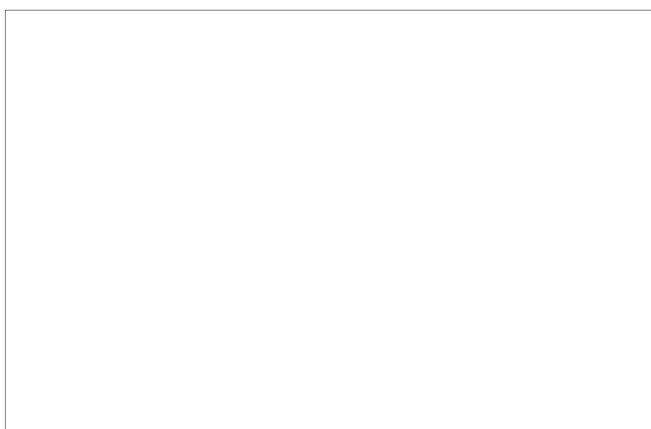
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In any event, the Front's ability to stage a successful revolt depends on the support it can win from local military units and their commanders. Magalhaes told newsmen in Ponta Delgada Wednesday that the military in the Azores widely support the document being circulated on the mainland by the non-radical Antunes group. Local military support for a revolt would decrease if the Antunes group should succeed in gaining power in Portugal.

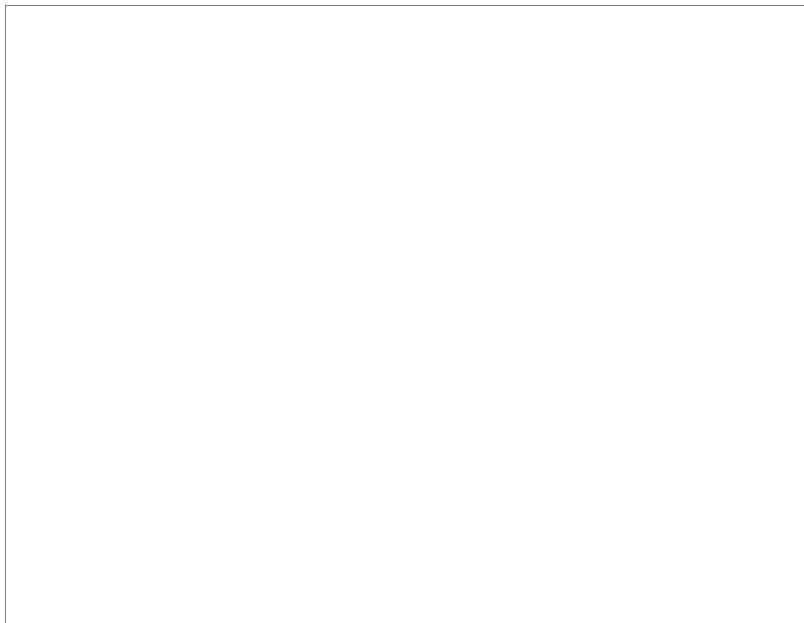
**FOR THE PRESIDENT ONLY**

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SAUDI ARABIA - EGYPT



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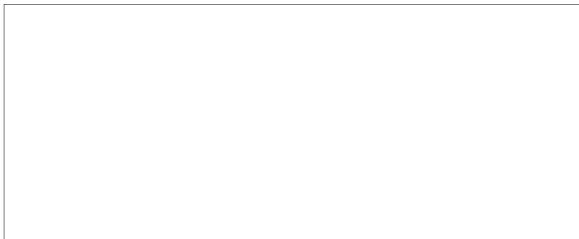


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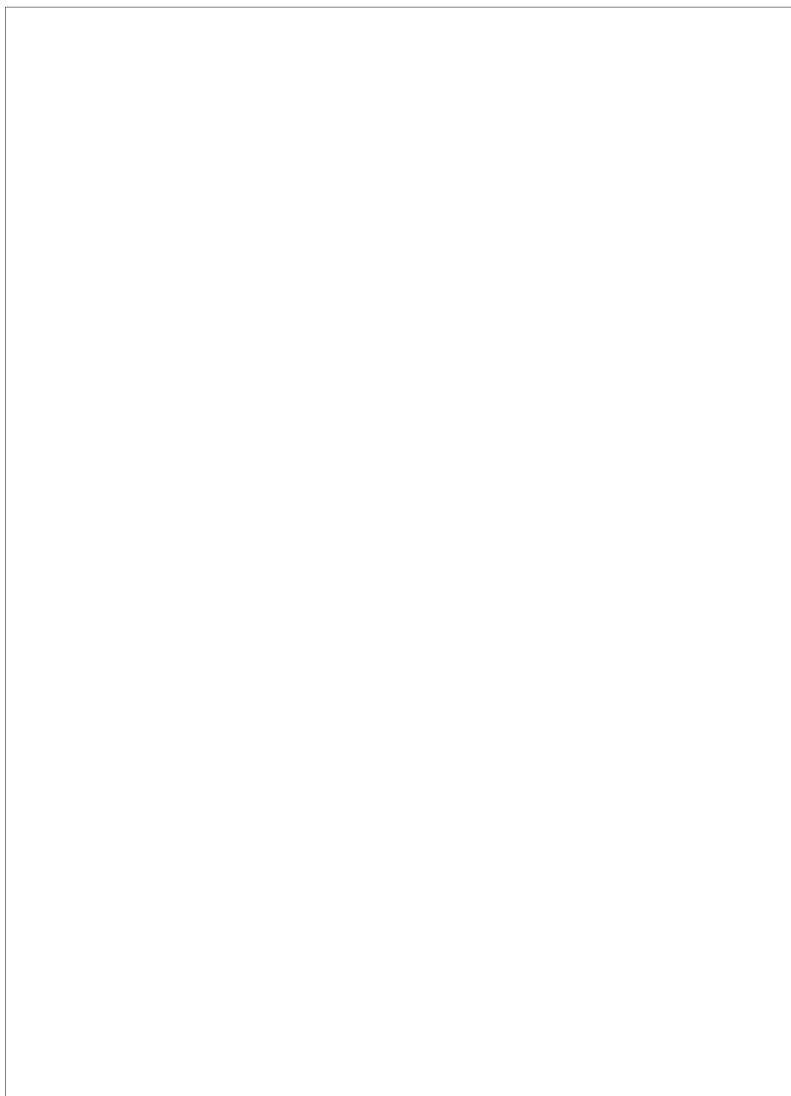
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EGYPT-ISRAEL



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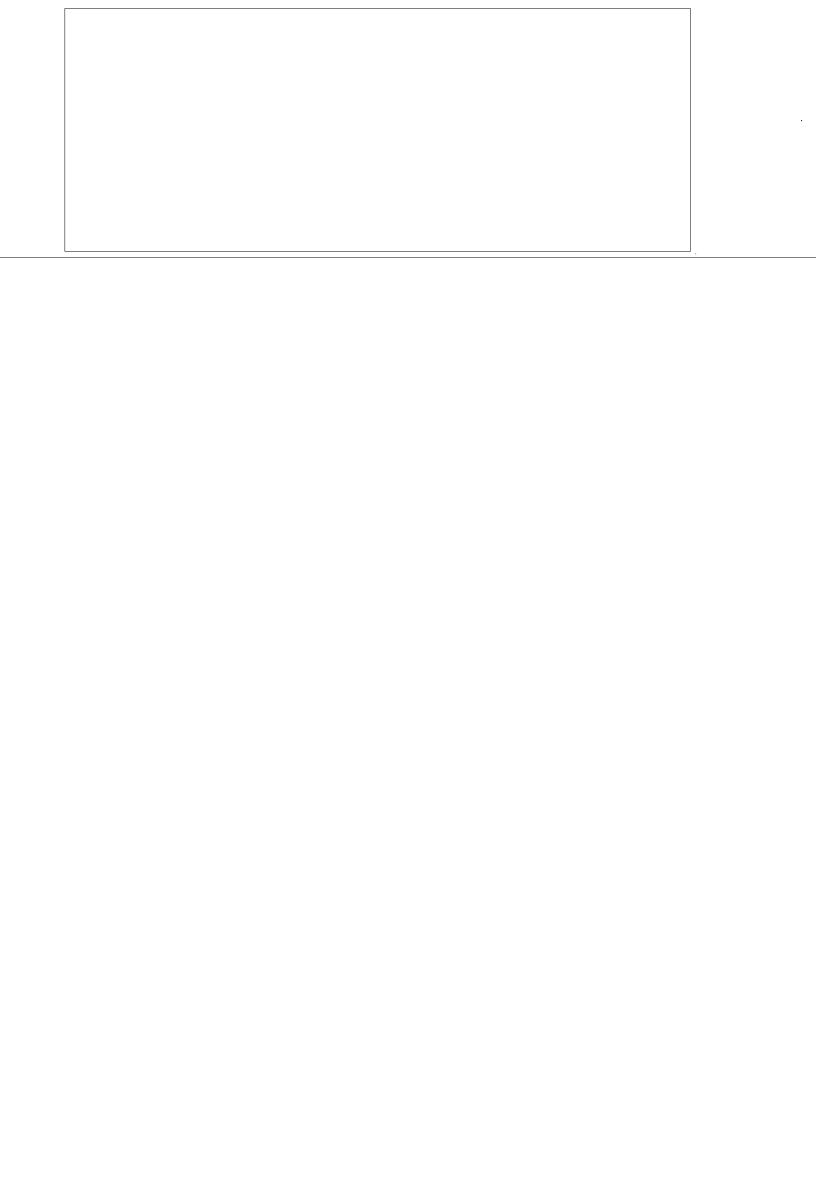


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CHINA



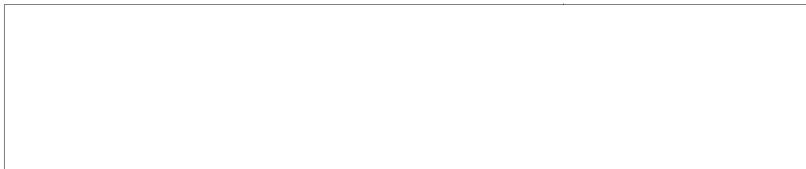
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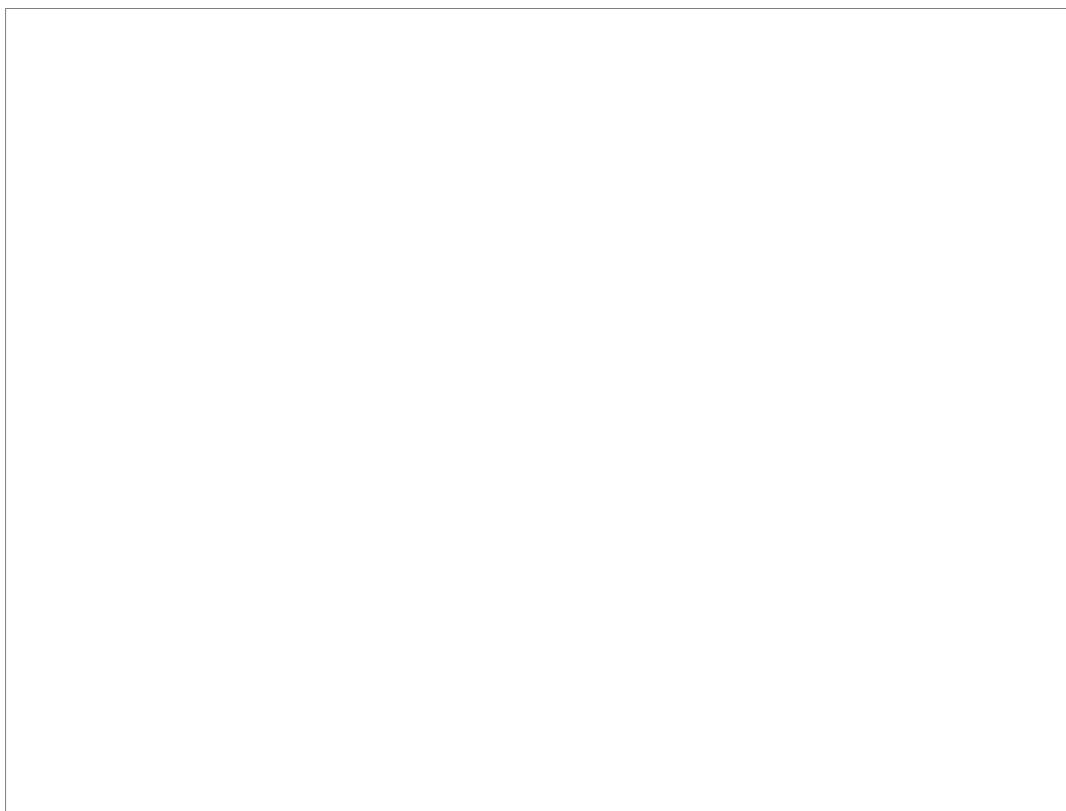
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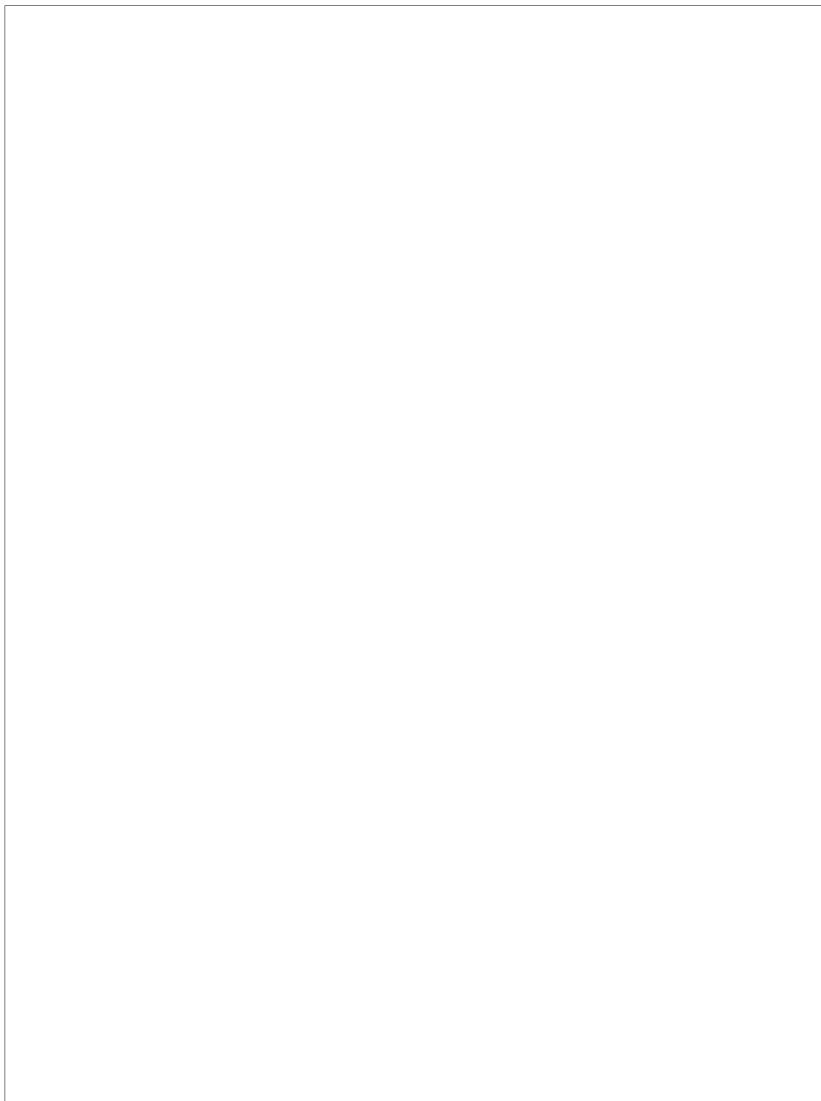
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*FOR THE PRESIDENT ONLY*

**USSR**

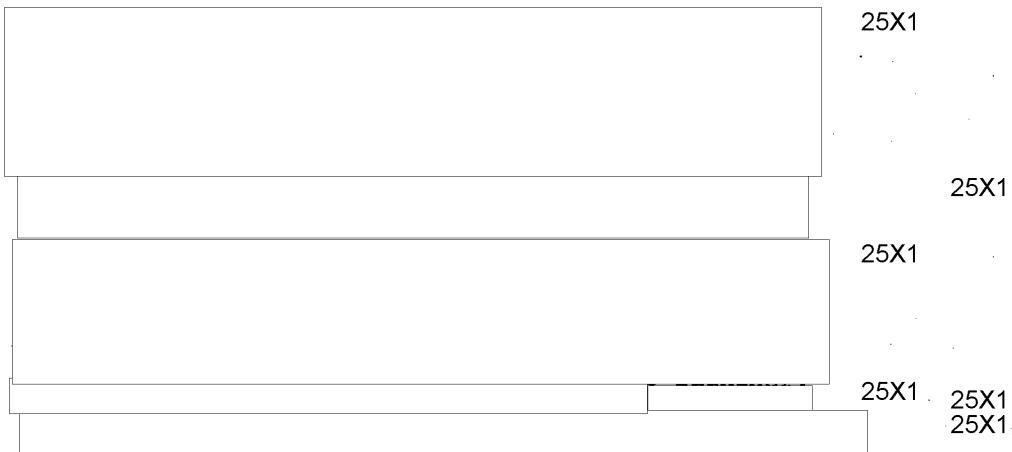


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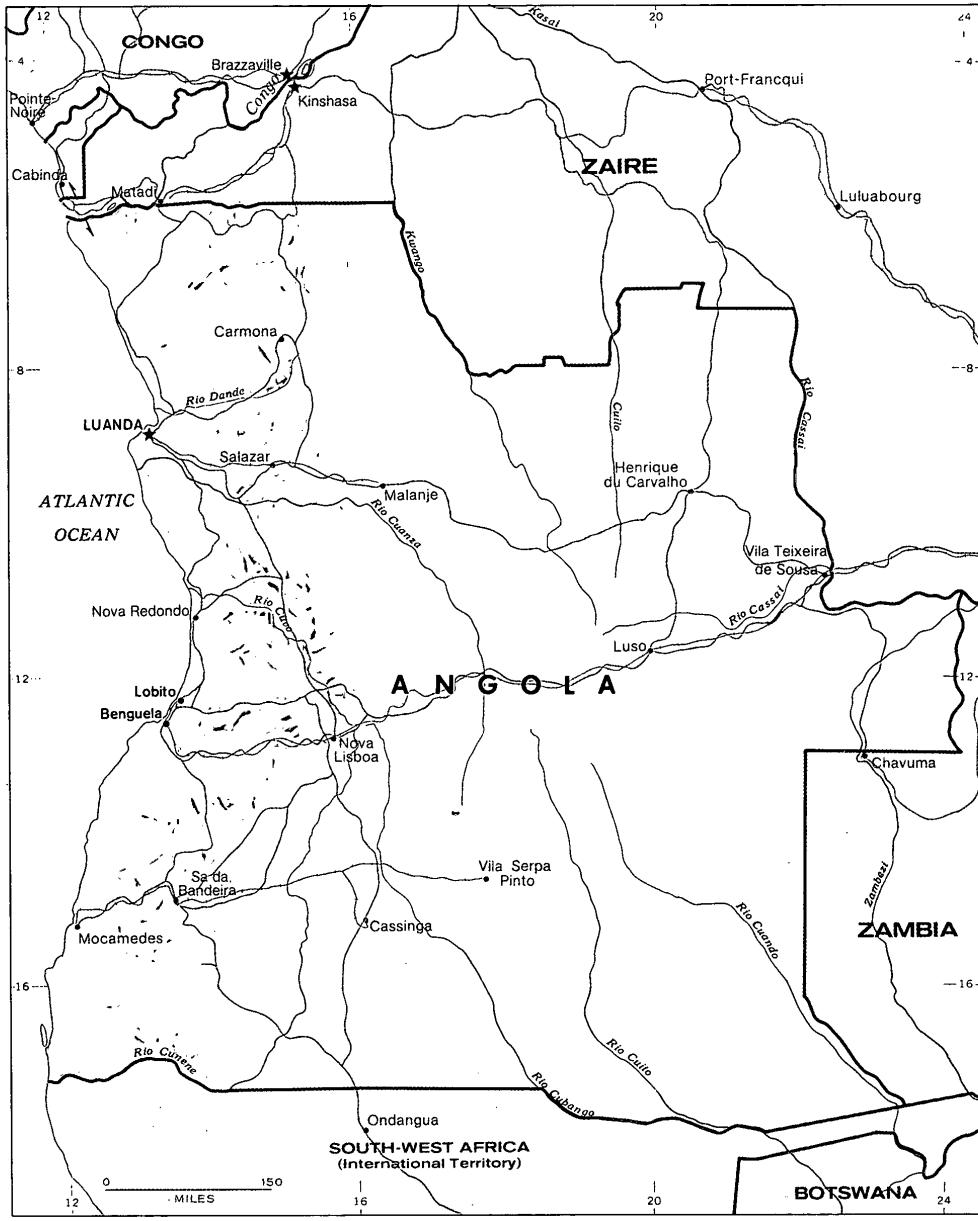
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*FOR THE PRESIDENT ONLY*

**ANGOLA**

*Heavy fighting involving all three of Angola's liberation groups broke out early Wednesday morning in the major port city of Lobito. The Popular Movement for the Liberation of Angola, which controls Luanda, reportedly was pushed out of Lobito and is now holding firm at Benguela, 12 miles south.*

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In Luanda, meanwhile, the Popular Movement is attempting to take advantage of its strong position in the city. A spokesman for the group announced on August 11 that it is taking charge of the Ministry of Labor and Social Services, which was run by the National Union until the transitional government collapsed. According to the US consul, the Popular Movement is also quietly taking over a number of other posts vacated by its two rivals. The National Union voluntarily withdrew from the city rather than risk being dragged into a fight for which it was ill-prepared.

The National Front is attempting to minimize the implications of its defeat in Luanda. The Front's chief representative declared in a press interview in Kinshasa that the transitional government is not defunct and announced that it would soon be convoked "at some secure locality in Angola." The Popular Movement, at least, is likely to ignore any such summons.

The Portuguese military commander announced yesterday, however, that he is assuming administrative responsibility for the territory.

It is evident that no one knows what to do next. Portuguese military officials in Lisbon and Luanda are too distracted by the political struggles in Lisbon to offer any solutions. With the exception of Savimbi, liberation group leaders seem resigned to making the best of whatever military or political situation presents itself.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

LIBYA-TUNISIA



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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

		25X1
	<u>Portuguese Timor</u>	25X1
		25X1
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the situation in  
Timor is apparently deteriorating. Violent clashes  
are said to have taken place between rival Timorese  
political factions both in Dili and in the interior.  
Some deaths have been reported and the capital is  
described as tense.

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\* \* \*

*Pressure continues to grow for the removal of  
Portuguese Prime Minister Goncalves.*

President Costa Gomes is said to have called  
yet another emergency meeting of the Revolutionary  
Council. Goncalves' political survival at this  
point hangs on Costa Gomes' indecision and on dis-  
unity among those who want Goncalves out.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

\* \* \*

*Press reports that France plans to withdraw  
one third of its troops stationed in West Germany  
appear to be overdrawn.*

The wave of press speculation in France and West Germany was touched off by a report published earlier this week in the French newsmagazine *Le Point* and was quickly picked up by the West German press. The French ministry of defense has issued a formal denial of the report, and a high official of the French foreign ministry told the US embassy that he had no knowledge of such plans. [redacted]

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*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

August 16, 1975

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declassification schedule of E.O. 14176  
exemption category, SR(1)(2)(3)  
Classified by [redacted] on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 16, 1975

Table of Contents

USSR: Brezhnev spoke in familiar terms of his desire for friendly US-Soviet relations when he met on Thursday with the US Congressional delegation headed by Speaker Albert. (Page 1)

Bangladesh: Yesterday's military-backed coup has met no significant resistance. (Page 3)

Libya:

25X1

(Page 4)

Notes: Turkey; Portugal; Portuguese Timor; North Vietnam; France-NATO (Pages 6 and 7)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

USSR

*During his meeting Thursday with the Congressional delegation headed by Speaker Albert, General Secretary Brezhnev spoke in familiar terms of his desire for friendly US-Soviet relations, mutually advantageous trade, peace, and disarmament.*

Ambassador Stoessel reports that Brezhnev implied he hopes to be able to sign a ten-year SALT II agreement during his visit to Washington later this year, but that he stopped short of predicting success. The General Secretary said that cruise missiles, the deployment of missiles on warships, and the "geographic positions" of the two countries are key issues.

Brezhnev took his usual tack on Jewish emigration, asserting that all Jews who want to leave the USSR can do so except those who have worked on Soviet security matters. He claimed that the number of Jews desiring to leave has declined.

Brezhnev did not dwell on trade matters, but welcomed the Congressmen's statements on mutually advantageous trade. He did not respond directly to a suggestion by one of the Congressmen that Moscow's purchases of US grain be placed on a more planned basis.

The Soviet party leader praised the CSCE accord, saying it is the "best way" to strengthen East-West friendship and Soviet-US relations in particular. He implied it would chart a course of conduct in Europe for at least the next decade. Brezhnev hedged, however, by noting that while some provisions of the accord are binding, others, concerning the exchange of information, require "agreement between the various parties."

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Responding to questions, Brezhnev said the Soviets favor a policy of "strict non-interference" in Portugal. He sidestepped any significant comment on the Middle East, merely reiterating Soviet willingness to guarantee the existence of Israel.

Ambassador Stoessel thinks Brezhnev looked somewhat better Thursday than he had in Helsinki, although he still showed signs of a weight loss and on several occasions seemed to be unsure of himself. Despite an overall impression of fatigue, Brezhnev's color was better, and he seemed alert. He revealed that he had received dental treatment daily while in Helsinki.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

BANGLADESH

*Yesterday's military-backed coup  
has met no significant resistance.*

The ten-member cabinet announced by President Ahmed is composed largely of noncontroversial members of former president Mujib's government and his Awami League party. The role of the armed forces in the new regime is obscure, although the government has received the support of leaders of the armed services, police, and paramilitary forces. This includes leaders of the 16,000-member National Defense Force, who are veterans of the 1971 war of independence and were especially close to Mujib.

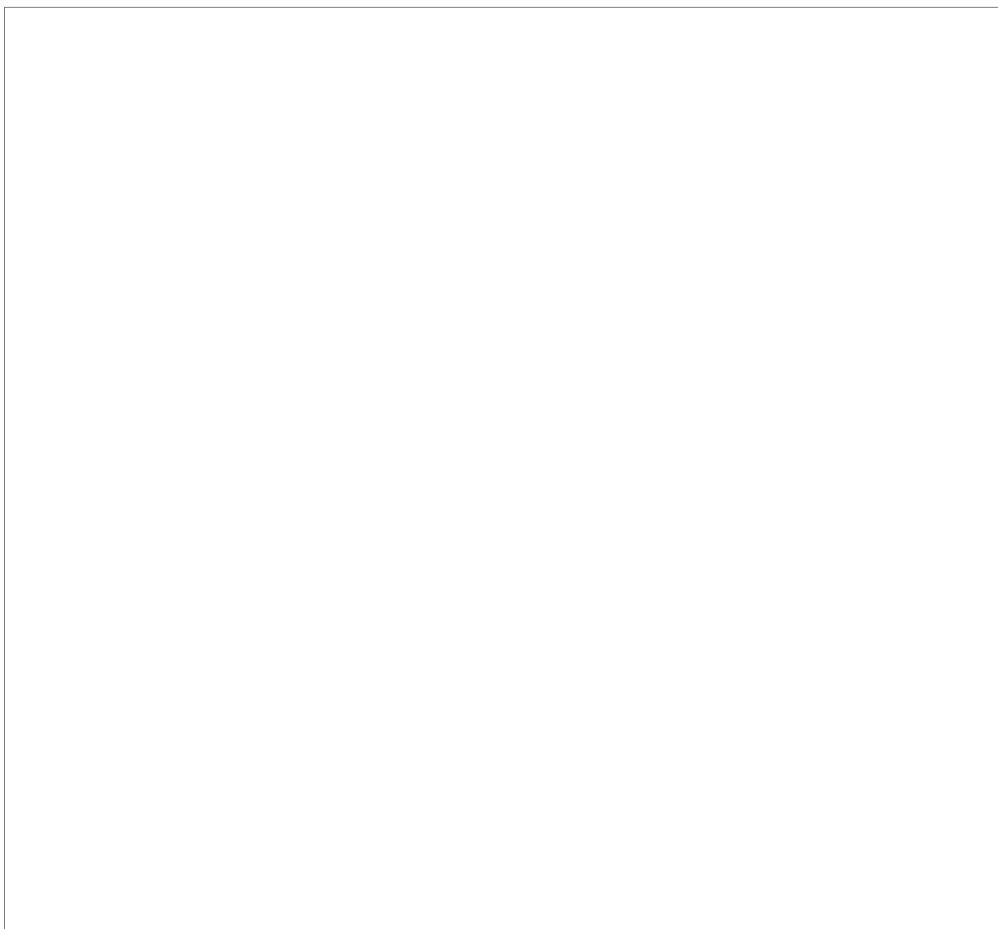
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Pakistan yesterday became the first country to recognize the new regime, and the change in Dacca should pave the way for better relations between the two countries. There has been no significant reaction thus far from New Delhi. The Indian government, which had close relations with Mujib, will scrutinize the new regime closely, but is unlikely to interfere unless resistance to the new government develops and the nation is faced with civil war. Ahmed is aware of Indian sensitivities, particularly over the fate of the Hindu minority in Bangladesh, and will presumably make every effort to dispel New Delhi's fears.

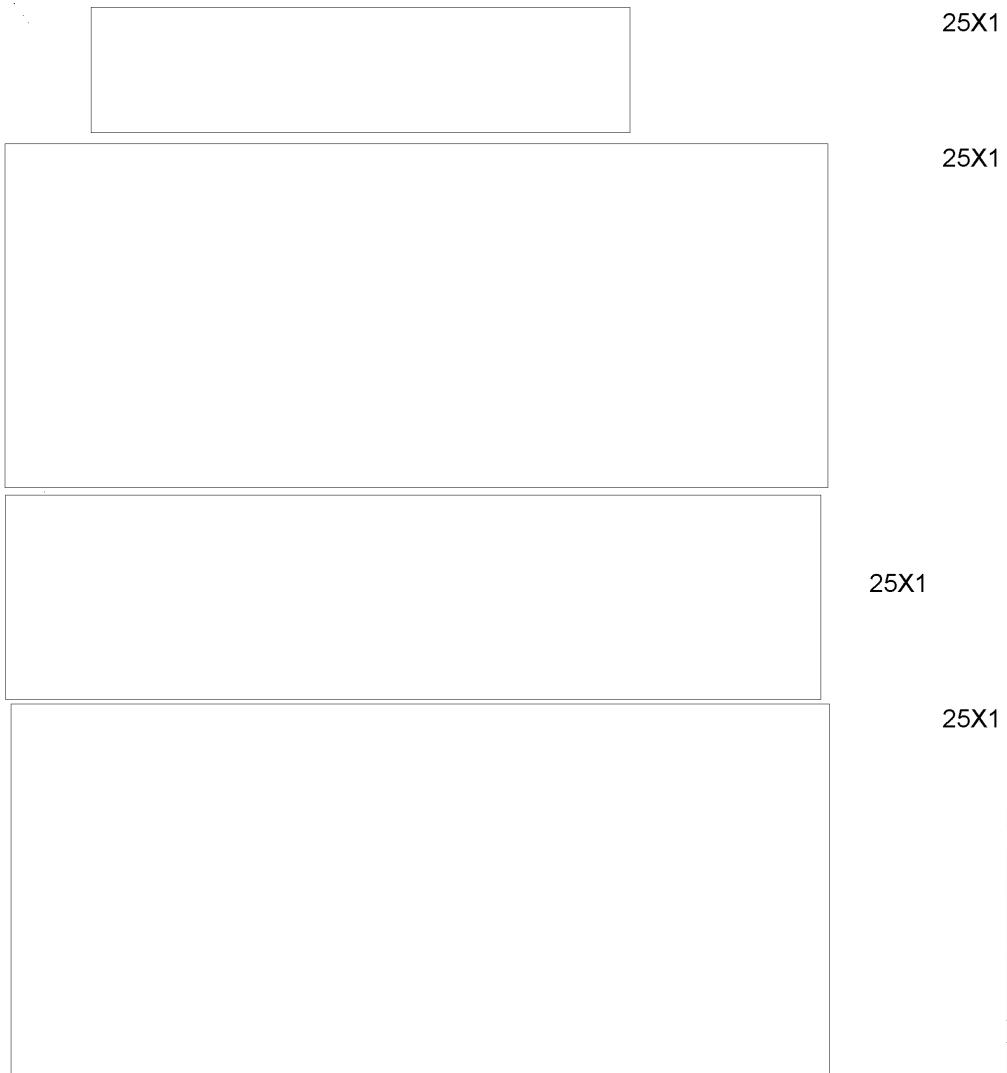
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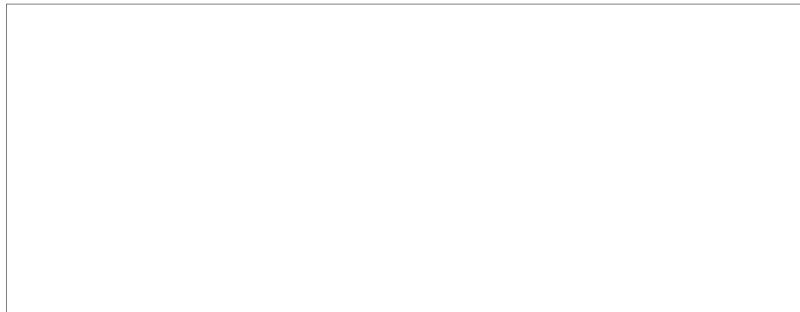
LIBYA



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*FOR THE PRESIDENT ONLY*

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*FOR THE PRESIDENT ONLY*

NOTES

*Small groups of Turkish radical leftists plan to organize anti-US and anti-NATO demonstrations this weekend in Izmir, Ankara, and Istanbul in order to create the impression that there is widespread anti-US sentiment in Turkey.*

Leftist political parties and unions now have more room to maneuver since martial law--imposed last year during the Cyprus war--has been terminated. One of the best organized revolutionary groups had 26 members arrested after they occupied the US Exchange Retail Store at Izmir on August 7. The group claimed they were "liberating a Turkish-owned building occupied by the imperialists." Demonstrations this weekend are intended in part to show support for the detainees. Turkish authorities already have deployed combat units to Ankara in anticipation of anti-American protests.

\* \* \*

*The Portuguese Communists are holding to an assertive pose despite their growing problems.*

They plan a rally tonight in Alcobaca in the north where the Communists have been nearly driven underground. Party members would not venture into that area unarmed, and the rally may produce violence. In another bid to show the Communist flag, the Communist-controlled labor federation is calling for a brief general strike on Tuesday.

\* \* \*

*Yesterday's communiqué from Portuguese Timor announcing the formation of a united front between the two pro-independence parties against the pro-Indonesia party is certain to increase Jakarta's anxiety about the course of events there.*

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(continued)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

\* \* \*

*Some of the foreign prisoners captured during last spring's fighting in the South are being moved to North Vietnam.*

According to a recent intercept, a transportation unit in the Ban Me Thuot area was instructed to send "all 13 prisoners of war to Hanoi." [redacted]

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[redacted] The message did not indicate why the prisoners were being brought north, only that they would be turned over to the directorate of military justice which was the principal North Vietnamese agency in charge of sentencing and handling American military prisoners during the war.

25X1

\* \* \*

*France will oppose any move to give NATO a major role in overseeing implementation of the agreement signed at the European security conference summit.*

A high official of the French foreign ministry told US embassy officers that France believes the multilateral phase of CSCE is over. He does not see an active role for either NATO or the EC in security conference follow-up activities, although he acknowledged that NATO might be useful as a forum for exchanging information on progress made in bilateral exchanges. The French position is that each country should be free to concentrate on those CSCE issues most relevant to its own interests.

**FOR THE PRESIDENT ONLY**

*Top Secret*

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# The President's Daily Brief

*August 18, 1975*

5  
Top Secret 25X1

Exempt from general  
declassification schedule of E.O. 14176  
exemption category, SR(1)(2),(3)  
Declassified based on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 18, 1975

Table of Contents

Portugal: The Communists are continuing their campaign to reassert the party's presence in the north, and more violence is likely as anti-Communists react to the challenge. (Page 1)

Portuguese Timor: Indonesian President Suharto again has postponed a decision on taking military action against Portuguese Timor. (Page 2)

Notes: Bangladesh; Laos; Cambodia (Pages 3 and 4)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

PORUGAL

*The Communists yesterday vowed to continue their campaign in the north to reassert the party's presence there. Their initial foray into the north, a party rally on Saturday in the town of Alcobaca, proved that the anti-Communists are equally determined to be rid of them.*

The Communists, now experiencing the same type of harassment faced by the more conservative parties several months ago, are demanding that the military guarantee the right of free assembly. They have scheduled another demonstration tomorrow in Porto, claiming they have sufficient power to respond and "smash the counterrevolutionaries." Anti-Communists around Porto are certain to react to this second challenge, and more violence may result since the Communists have promised to "take precautions" against a repetition of events in Alcobaca.

Pro-Communist Prime Minister Goncalves, under heavy pressure to resign, publicly admitted on Saturday that his new government is unable to function because of the split in the armed forces. Goncalves promised, however, that he and his left-wing cabinet would not "shirk their responsibilities." The statement will do little to gain support for Goncalves, but it does make clear to those opposing him that he will not step down voluntarily.

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The dissident officers in the Armed Forces Movement are continuing to circulate the anti-regime document drafted by former foreign minister Antunes, hoping to gauge support among the rank and file before moving against Goncalves. [redacted]

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The dissidents are clearly hesitant to move against their fellow officers and may lose their advantage if they continue to delay. The Socialists and other anti-Communist civilian groups, however, can be expected to continue pressuring them, particularly if the Communist counteroffensive in the north continues.

*FOR THE PRESIDENT ONLY*

PORtUGUESE TIMOR

*Indonesian President Suharto again has postponed a decision on taking military action against Portuguese Timor. He has scheduled a meeting this morning with high-level cabinet and security officials, however, to review the situation.*

Suharto continues to fear an adverse reaction from Washington if he authorizes an invasion, particularly since such a move would come only a few weeks after his visit here. Top military commanders, however, still favor swift military action because they fear the situation in Timor will soon turn irrevocably against pro-Jakarta elements and result in a threat to Indonesian security.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

Bangladesh remained quiet during the weekend, and the round-the-clock curfew imposed on Friday has been partially lifted.

Pakistan, which on Friday became the first country to recognize the new regime, has promised to send rice and other supplies. It has urged other Islamic countries to extend recognition, and Saudi Arabia, Jordan, and Sudan did so over the weekend. The new President, Khondakar Mushtaque Ahmed, has declared that his government wants friendly ties with all three major powers. Meanwhile, India has continued its cautious approach to the new regime. An official Indian statement yesterday described the situation as an "internal matter of Bangladesh" that India is "carefully studying." Moscow also appears to be adopting a wait-and-see attitude. Peking has reported the coup, but as yet has not commented.

\* \* \*

The Lao communists are moving to take full control of Vientiane.

Several thousand communist-led civilian demonstrators staged peaceful protest marches in two of Vientiane's outlying districts over the weekend. The marchers were accompanied by armed communist troops and cadre. The demonstrators are demanding the ouster of local non-communist village officials and their replacement by pro-communist sympathizers. The Lao communists almost certainly will follow up their take-over of Vientiane with a similar move in the royal capital of Luang Prabang.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

\* \* \*

*Pyongyang announced yesterday that a delegation headed by Cambodian communist leader Khieu Samphan and Prince Sihanouk's Peking-based prime minister, Penn Nouth, will soon pay an "official goodwill visit" to North Korea at the invitation of the North Korean government.*

The visit will provide an opportunity for Sihanouk, who has been in Pyongyang since the middle of May, to discuss the question of his possible return to Cambodia with Samphan and deputy prime minister Ieng Sary, who may accompany Samphan. The Prince has thus far avoided meeting with the Khmer communist leaders in Peking, reportedly preferring to have Penn Nouth negotiate the terms of his future relationship with the Phnom Penh regime.

*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

*August 19, 1975*

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~~Top Secret 25X1~~

Exempt from general  
declassification schedule of E.O. 14176  
exemption category, SR(1)(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 19, 1975

Table of Contents

Portugal: Prime Minister Goncalves' public appearance last night reportedly was the first in a series to be staged in an effort to drum up popular support for him. (Page 1)

Israel: Right-wing critics of the government's negotiating position with Egypt are preparing to mount demonstrations to coincide with Secretary Kissinger's visit to the Middle East. (Page 3)

Notes: Libya; Fedayeen (Page 4)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**PORUGAL**

Prime Minister Goncalves' public appearance last night--a rare occurrence since the challenge to his leadership began--came on the heels of several days of emergency meetings with his cabinet and renewed efforts by President Costa Gomes to resolve differences among the various factions of the ruling Armed Forces Movement.

[redacted] the labor union rally, at which the Prime Minister spoke, was the first in a series of public demonstrations to drum up popular support for him.

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The anti-communist group led by Major Melo Antunes is continuing its efforts to reach a compromise with the radical leftist group of General Otelo de Carvalho. Carvalho reportedly is seeking assurances that the revolution will not veer to the right if the present regime is ousted. A source close to Antunes has told Ambassador Carlucci that this week will be decisive as to whether a compromise can be arranged.

One key officer who has remained in the background during most of the present power struggle is Admiral Rosa Coutinho. He began a two-week visit to Latin America yesterday that will take him first to Cuba and then to the conference of nonaligned nations in Lima. Rosa Coutinho's absence during this critical period may permit him to avoid taking sides in the current struggle and to maintain substantial influence whatever the eventual outcome.

Goncalves' Communist Party supporters have scheduled a rally today in the northern city of Porto. A brief general strike, called for today by the Communist-dominated trade union confederation to protest the recent wave of anti-communist violence, has been scaled down to apply only in the Lisbon area.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

Security forces yesterday fired on a mob that attacked and destroyed a Communist Party headquarters in a small town north of Porto. One person was killed and 100 were injured.

Violence against the Communists has spread to the island of Terceira in the Azores, where thousands of farmers yesterday destroyed offices of left-wing parties and beat up Communists in the streets; 15 persons were injured. The Portuguese contingent at Lajes air base--where the US maintains facilities--has been placed on alert.

Anti-communist sentiment in the Azores has been a key motivating factor in the islands' drive for independence from the mainland. Recurring demonstrations at the present time could be exploited by separatists to trigger an independence declaration.

*FOR THE PRESIDENT ONLY*

## FOR THE PRESIDENT ONLY

## ISRAEL

*Right-wing critics of the Israeli government's negotiating position with Egypt are preparing to mount widespread demonstrations to coincide with Secretary Kissinger's visit to the Middle East this week. There is no evidence to suggest that such tactics will dissuade the government from its chosen course of action, or that right-wing pressures will prevent ratification by the Knesset of an eventual agreement worked out by the team composed of Prime Minister Rabin, Defense Minister Peres, and Foreign Minister Allon. Rabin could at some point, however, use the demonstrations to justify Tel Aviv's refusal to make further concessions.*

A substantial and growing number of Israelis are clearly uneasy about the outcome of the negotiations with Egypt. They fear that Secretary Kissinger's arrival in Tel Aviv Thursday signals intensified US pressure on Israel to make additional concessions to Egypt without an adequate guarantee from Cairo against a new attack. The most recent Israeli public opinion poll shows a sharp decline since April in the number of Israelis who think that Washington's Middle East policy supports Israel.

Some of this uncertainty is also reflected in the cabinet. The conservative minister of religious affairs told reporters after last Sunday's five-hour cabinet meeting that the debate centered on the timing of Secretary Kissinger's trip to the Middle East. The minister thought further "clarifications" in Washington were needed.

Rabin defended [redacted]	25X1
[redacted] the Secretary's visit [redacted]	25X1
[redacted] on the grounds that the negotiations have now reached an "advanced" stage.	25X1
[redacted]	25X1
[redacted] an interim agreement with Egypt would not only provide a chance to improve Arab-Israeli relations but would also lead to "unprecedented" US-Israeli understanding.	25X1

*FOR THE PRESIDENT ONLY*

NOTES

*Details concerning the recent coup attempt in Libya* [redacted]

25X1

*Qadhafi's control apparently was never in serious jeopardy; the army remained loyal and the major cities were calm.* [redacted]

25X1

*Tension in Tripoli has relaxed considerably over the last several days. Border posts have been reopened to Libyan travelers, and the ban on Egyptians coming into Libya, first imposed in late May, has now been lifted. An indirect reference to the abortive coup in an editorial in one of Libya's leading newspapers warned of a possible purge. This warning was underscored by a series of council decrees issued over the weekend making subversion, contact with foreign powers, and other political crimes punishable by life imprisonment and, in some cases, death.*

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*Leaders of the less radical fedayeen organizations, including the Palestine Liberation Organization, may adopt more extreme policies in the event that another Egyptian-Israeli disengagement is implemented.*

PLO Chairman Arafat, according to a pro-fedayeen newspaper in Beirut, has said that his organization "rejects the American settlement and will resist it through the barrels of our guns." Although such rhetoric is usually intended for internal fedayeen consumption, it might in this case presage an increase in terrorist activity designed to bolster Arafat's diminished prestige. Syria's position on the settlement, however, remains crucial to Arafat. If the Egyptians are able to limit Syrian criticism of the settlement, the Palestinians will have little choice but to follow Damascus' lead. If Syria becomes disillusioned with Egypt and abets Palestinian obstructionism, Arafat and his associates may initiate a new round of terrorist activity in Israel and abroad.

*Top Secret*



# The President's Daily Brief

August 20, 1975

5

~~Top Secret 25X1~~

Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1),(2),(3),  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 20, 1975

Table of Contents

Portugal: The Communist counteroffensive in northern Portugal appears to have stalled, and the failure of yesterday's general strike in the Lisbon area will be seen as another defeat for Prime Minister Goncalves. (Page 1)

Angola: The Popular Movement's announcement that it is establishing "people's defense committees" will force Portugal to either recognize the Movement as the only effective political organization in Angola, or back up its own claim to sovereignty. (Page 3)

Notes: Syria-Egypt-Israel; Thailand; Laos; Indonesia-Portugal-Timor; Spain; Bangladesh  
(Pages 4, 5, and 6)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

*The Communist counteroffensive that began last week when party leader Cunhal exhorted party militants to return to areas in northern Portugal appears to have stalled. The Communists canceled a rally scheduled for Porto last night after another effort, in Alcobaça, ran into stiff resistance.*

The decision to call off the Porto rally was doubtless influenced by continuing attacks on party offices in the north. Party leaders have been made cautious by the growing tendency of internal security troops--especially in the north--to act on their own. In a town near Porto, a party member recently was killed by gunfire from security forces.

In the recent disorders, troops in three northern towns are reported to have placed themselves on alert without notifying the military region headquarters. Troops in the north have been pressing for the removal of the regional commander, General Corvacho, considered to be a Communist sympathizer and an ally of Prime Minister Goncalves. According to a communiqué released yesterday by the northern regional headquarters, Corvacho has been temporarily relieved of his command.

Communist control of labor is also eroding. The party made a concerted effort to show its muscle by calling for a half-hour general strike yesterday, then modified the call by limiting it to the Lisbon area. The impact of the strike was minimal. Its primary effect was to feed anti-Communist sentiment in Lisbon, and this will be seen as another defeat for Prime Minister Goncalves.

Former president Spinola, who is living in exile in Rio de Janeiro, has added his voice to the anti-Goncalves chorus in an open letter to President Costa Gomes. Costa Gomes released the document yesterday. In fact, Spinola's letter may add force to the periodic warnings from Goncalves that Portugal is in danger of returning to fascism. This danger is of such an overriding concern for the members of the Armed Forces Movement that many

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

will continue to hesitate to take action against Goncalves or; if he is finally ousted, they will seek to make sure that a new government does not provide an opening to the right.

\* \* \*

*On August 19, Pravda published an authoritative "Observer" article on the situation in Portugal. Like other recent coverage the general tone of the article is defensive and pessimistic.*

As the distress of the Portuguese Communists has deepened, the Soviets' seeming confidence about the course of events in Portugal has given way to increasing criticism of outside meddling. *Pravda* charges that the leaders of the Portuguese Socialists are providing a rallying point for reactionaries by attacking the Communists. The tone is less strident, however, than when Moscow was denouncing the Socialists immediately after they had left the government. In fact, *Pravda* again calls for "concerted action" by the Armed Forces Movement, the Communists, the Socialists, and other progressive forces. This theme is now at least nominally in accord with Portuguese Communist leader Cunhal's recent expressions. *Pravda* offers no practical advice and provides no clues about what, if any action the Soviets might take to support the Portuguese Communists.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**ANGOLA**

*The Popular Movement's announcement yesterday that it is going to establish paramilitary "people's defense committees" can only be seen as a move to force Portugal into recognizing the Movement as the only effective political organization in Angola, or backing up its own claim to sovereignty by suppressing the committees.*

The Popular Movement says that the committees will be composed primarily of the thousands of civilians in Luanda who were armed by the Movement during the existence of the transitional government. The Portuguese acting high commissioner, who said only last week that he was assuming administrative control of the territory, will probably seek Lisbon's advice before he acts. Any delay on his part, however, will only strengthen the Popular Movement's control of Luanda and allow similar committees to form in other areas where the Movement has military dominance.

Meanwhile, the battles for Lobito and Benguela are continuing. So far, the National Union, with some assistance from the National Front and materiel from Zaire, is putting up a stiff fight in Lobito. Both the National Front and the National Union now apparently recognize that they have run out of political options and have no choice but to escalate the fighting.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**NOTES**

*Syrian President Asad views the prospect of a second-stage Sinai disengagement accord between Egypt and Israel with more equanimity than he did last March, according to our ambassador.*

Damascus' increased confidence in recent months about the negotiating process in general apparently is partly due to an improvement in its relationship with Cairo. As a result, the Syrians now express greater certainty that Sadat will tie a new Sinai agreement to subsequent negotiations on the Golan Heights. Damascus is also reported to have more confidence in US intentions to be helpful in obtaining a Golan agreement. Despite their more relaxed attitude, however, the Syrians remain skeptical that Israel will soon be ready to offer acceptable proposals for a further pullback on the Golan Heights. Damascus is aware that the Israelis perceive little, if any, room for maneuver on a further Golan accord and is taking at face value the continuing rigid Israeli public statements on this issue.

\* \* \*

*Bangkok has expressed an interest in retaining a limited US military presence in Thailand after the US troop withdrawal is completed next March.*

Foreign Minister Chatchai, a leading proponent of withdrawal, told Ambassador Whitehouse on Monday that once combat forces are gone, other units and activities could stay, provided they came under the jurisdiction of the US military advisory group rather than the US military assistance command which he described as a "combat command." Chatchai made clear that Thailand's main concern is to be in a position to affirm publicly that no US combat forces remain on Thai soil. He added that if the US air force wanted to keep some "utility" planes in Thailand, "that would be fine." He implied that the government was prepared, in the course of "some future eventuality," to grant the US re-entry rights to the vacated air bases.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

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*The Lao communists may be planning to use the demonstrations in Vientiane to rid the government of additional non-communist personalities.*



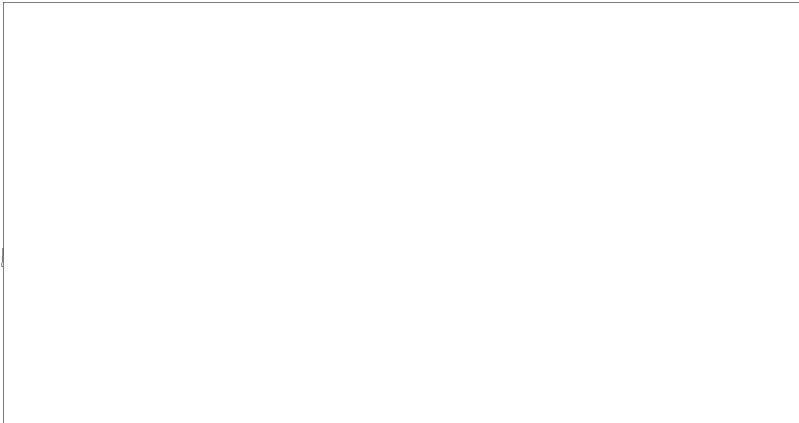
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[redacted] The police [redacted] have been rounding up young people judged hooligans because of long hair and flamboyant Western attire. Meanwhile, on Monday the communists completed their takeover of Luang Prabang. The old administration was abolished and new "revolutionary" officials appointed.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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*Spanish General Franco's meetings with Prince Juan Carlos this week have sparked speculation that Franco has decided to turn over his powers to the Prince.*

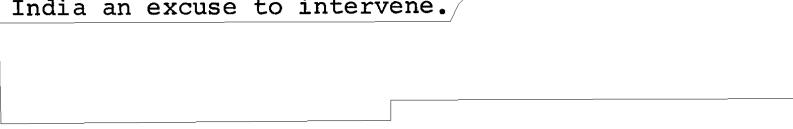
The speculation stems from the unexpected nature of Juan Carlos' sudden visit to Franco's vacation retreat. The General customarily meets with his cabinet several times during the summer, but this is the first time the Prince has been invited. Government officials say that the talks will last for three days, but refuse to disclose any details. A full cabinet meeting is scheduled for Friday.

\* \* \*

*Frictions have surfaced in Bangladesh between junior army officers who led last week's coup and senior officers of the armed forces.*

Senior officers, who supported the plotters after the coup began, appeared by late Monday to have reasserted their authority. Most coup leaders reluctantly agreed to obey orders and return to their units, but the main leaders--majors Farook, Raschid, and Dalim--still seem recalcitrant. This could be a serious development and senior officers are moving cautiously lest an incident develop that might plunge the country into civil war and give India an excuse to intervene.

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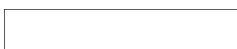
# The President's Daily Brief

*August 21, 1975*

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exemption category SR(1),(2),(3)  
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August 21



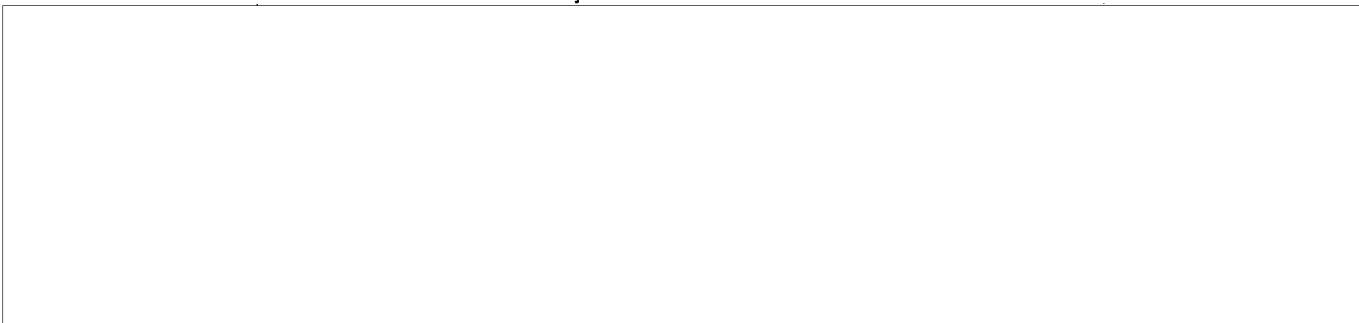
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*FOR THE PRESIDENT ONLY*

August 21, 1975

Table of Contents

Portugal: President Costa Gomes yesterday touched off a wave of speculation that Prime Minister Goncalves is on his way out with a statement that the duration of the fifth provisional government "can be expressed in days."  
*(Page 1)*

USSR: The Soviet Union is picking up additional grain in South America, Western Europe, and Australia now that the North American markets are temporarily closed to it. *(Page 3)*

Egypt-Libya: Egypt has taken some precautionary measures against the alleged possibility of an air attack by Libya. *(Page 5)*

Thailand: Civil unrest in Bangkok presents Thai Prime Minister Khukrit with his first serious political test since taking office five months ago. *(Page 6)*

Note: Portuguese Timor *(Page 7)*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**PORtUGAL**

*President Costa Gomes yesterday touched off a wave of speculation that Prime Minister Goncalves is on his way out with a statement that the duration of the fifth provisional government "can be expressed in days."*

Costa Gomes--who made his remarks at a swearing-in ceremony for some second echelon government officials--may have been referring to an earlier statement that this government is transitional. In the current unstable atmosphere in Lisbon, however, his comments are being widely interpreted as giving substance to unconfirmed reports that Goncalves' opponents in the military had threatened a seizure of power by force if the pro-Communist Prime Minister were not removed within a week.

This ultimatum, according to press reports from Lisbon, was delivered to the President by Melo Antunes, the leader of the anti-Communist faction, who was accompanied by security chief Otelo de Carvalho as well as by the army and air force chiefs of staff and five other officers.

The move to oust Goncalves does appear to have received the support of Army Chief of Staff Fabiao. He is quoted as having said that the government headed by Goncalves is ineffective and has little chance of continuing to function. One unconfirmed press report alleges that Costa Gomes has mentioned his preference for Fabiao as a replacement for Goncalves thereby signaling his acceptance of the demand for the Prime Minister's ouster. Fabiao's reluctance to enter the power struggle until the last minute may in fact make him a good compromise choice who would be seen as having a chance to restore some unity to the fragmented armed forces.

Meanwhile, the failure of recent Communist efforts to recapture the political initiative may be prompting the party to put some distance between itself and the Prime Minister. Goncalves' opponents reportedly do not rule out Communist participation in a new government as long as it is in proportion to the party's limited popular support.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

After a wave of anti-Communist violence in the Azores, the military governor there has ordered several Communist leaders deported. A separatist organization similar to the one already active in the Azores has apparently now been established on Madeira and a series of anti-Communist incidents have been reported there.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**USSR**

*The Soviet Union is picking up additional grain in South America, Western Europe, and Australia now that the North American markets are temporarily closed to it.*

New purchases have been confirmed for 250,000 tons of Australian wheat and 200,000 tons of Argentinian wheat.

Unconfirmed purchases have been reported for:

- 400,000 tons of French wheat;
- 300,000 tons of French barley;
- 500,000 tons of German wheat;
- 100,000 tons of Italian wheat and corn;
- 60,000 tons of Canadian rye (private sale);
- an unspecified amount of Brazilian corn.

Confirmed purchases since mid-July total 14.9 million tons, including 9.8 million tons from the US. If all the rumored purchases are confirmed, total purchases will rise to about 16.5 million tons. The Soviet Union apparently continues to search for available grain and has commissioned one US-based grain company "to corner" any non-US wheat, corn, and barley.

It is estimated that only about 5 million tons of grain are currently available from non-US sources. If Canada and the US choose not to sell more grain, the Soviets will have to make up more than half of their shortfall by importing soybeans as a grain substitute and taking such domestic measures as reducing feed rations and herds.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

\* \* \*

*Recent rains in most parts of the USSR have partially revived badly burned pasturelands and have brightened the outlook for such non-grain crops as potatoes, sugar beets, and sunflower seeds.*

The improved weather will also serve to limit the earlier severe drought damage to forage crops, primarily hay, silage, and fodder roots. The prospects for Soviet purchases of non-grain commodities still are not clear, however. Moscow already has purchased 300,000 tons of sugar on the world market for delivery in fiscal 1976 and may have bought an additional 300,000 tons in recent weeks. The purchase of soybeans--a substitute for sunflower seeds--is less certain and will depend not only on soybean production, but also on the USSR's desire to stretch its livestock feed supplies.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

EGYPT-LIBYA

*Egypt has taken some precautionary measures against the alleged possibility of an air attack by Libya.*

*A Libyan air force unit [redacted] was placed on alert on Monday with instructions to "attack President Sadat" upon receipt of orders from Tripoli. [redacted]*

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*On Tuesday night, the Egyptian naval base [redacted] [redacted] to go on maximum alert [redacted] because Libya reportedly intended to carry out an air strike. Yesterday, an Egyptian destroyer and two patrol craft [redacted] prepare to move to the Gulf of Sollum [redacted]*

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*We have no information to confirm [redacted] [redacted] that [redacted] President Qadhafi would consider such a reckless and foolhardy venture.*

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25X1  
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

THAILAND

Civil unrest in Bangkok presents Thai Prime Minister Khukrit with his first serious political test since taking office five months ago. Khukrit has decided against declaring a state of emergency for the time being, [redacted] fearing that such a step would provide the military an opportunity to interfere.

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In the most serious incident, policemen stormed and ransacked Khukrit's home to protest the government's release of student and farmer activists arrested last week. In another part of the city, radical university students engaged in armed encounters with vocational students.

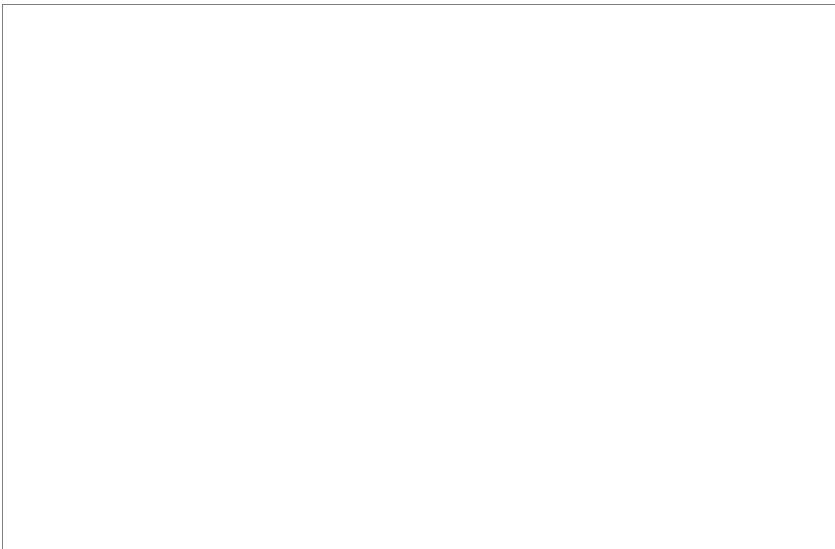
The police protests reflect the bitterness of conservative groups over the government's reluctance to rein in student dissidents. Military and other senior security officers have long maintained that civilian rule cannot provide Thailand with civil order and political stability.

Efforts to defuse the situation could easily backfire on Khukrit. A crackdown against the students would likely spark a new wave of student protests, whereas a move directed against the police would further alienate conservatives in both the government and the military. It is possible that the various protesters will themselves back off to prevent forcing the government's hand.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

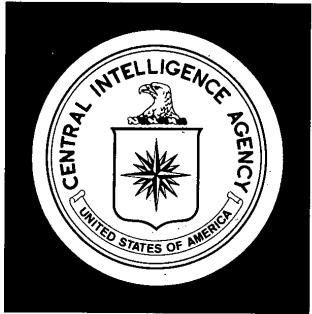
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*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

*August 22, 1975*

6

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exemption category 5B(1),(2),(3)  
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*FOR THE PRESIDENT ONLY*

August 22, 1975

Table of Contents

Portugal: Rumors of troop movements and an impending coup are rife as the forces contending for political power continue to jockey for position. (Page 1)

Portuguese Timor: Portuguese Foreign Minister Ruivo reportedly has told the Australians and the Indonesians that Portugal wants to withdraw from Timor. (Page 3)

Notes: Thailand; Bangladesh-India (Page 4)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

PORUGAL

Rumors are rife in Lisbon of troop movements and an impending coup as the forces contending for political power continue to jockey for position. The power struggle could just as well degenerate into clashes between military units backing rival ideological approaches.

There were reports last night that a military alert had been declared in Coimbra, headquarters of the central military region. Several high-ranking military leaders, including security chief Carvalho and Army Chief of Staff Fabiao, met there in what could have been a strategy session.

President Costa Gomes reportedly met again yesterday with former foreign minister Antunes, apparently to discuss further the ultimatum Antunes and General Carvalho presented him for the removal of Prime Minister Goncalves, but there is still no clear indication of the President's response. According to press reports, Antunes told Costa Gomes that any military move to retain Goncalves in power could be put down in a matter of hours.

Despite the claims of overwhelming strength by Goncalves' opponents, the Prime Minister vowed yesterday that he would make a last-ditch stand to retain power.

Meanwhile, Goncalves' ardent supporters in the Communist Party appear to be backing away. On Tuesday evening, Portuguese Communist Party leader Cunhal conceded at a press conference that the present government does not have the necessary support to be viable and the Communists are prepared to consider alternatives.

Goncalves' ouster would be the most serious of many bitter blows suffered by the Communists in recent weeks. Cunhal expressed alarm that military officers favoring the Communists would now be purged, a process that has already begun.

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

If efforts to oust Goncalves are successful,  
it is not clear what form of government might  
emerge.

[redacted]  
new government program

largely represents the views of the democratic,  
pro-European Antunes group, with some small consid-  
eration given to placating the radical leftists.  
Such an arrangement presumably would allow real  
power to remain in the hands of anti-communist mili-  
tary officers and the democratic political parties.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**PORtUGUESE TIMOR**

*Portuguese Foreign Minister Ruivo held urgent consultations with both the Indonesian and Australian ambassadors Wednesday night on the situation in Timor.*

He told the Australian ambassador that Portugal wanted to withdraw from Timor and asked Canberra's assistance in evacuating Portuguese nationals. He said Lisbon would leave the governor and a staff of about 70 to act as a symbolic presence in Timor and to work out a modus vivendi with the warring political factions. He said he would like to establish a "good offices" committee to assist in the process, and he hoped both Australia and Indonesia would participate.

Ruivo said Lisbon would make a similar approach to Indonesia and would also alert the International Red Cross.

Australia, for domestic political reasons, probably will elect to avoid overt involvement in the Timor situation. President Suharto, however, is likely to see Lisbon's approach as offering a way out of his present dilemma. He could authorize Indonesian military intervention in Timor on the grounds that he had tacit Portuguese support to restore order and protect the lives of non-Timorese.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NOTES**

*An uneasy calm has returned to Thailand, but the underlying issues that sparked Wednesday's violence remain unresolved.*

[redacted] the Thai cabinet has agreed to reinstate legal proceedings against student and farmer activists arrested last week. It was the government's dropping of the charges that prompted the wave of police protests which culminated in the sacking of Prime Minister Khukrit's house. In reopening its investigation, the government is risking a new round of demonstrations by the student community, which brought about the government's current dilemma. Whatever measures the government takes to remedy the problem, distrust between conservatives and leftists is not likely to ease. The conservatives will see any move by the Khukrit government to avoid prosecuting the activists as further evidence of the government's willingness to put up with "mob rule." Leftists will see the reopening of the case against the activists as a sharp move toward the right by the government.

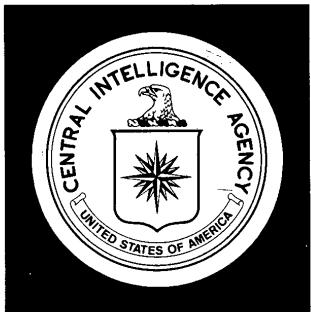
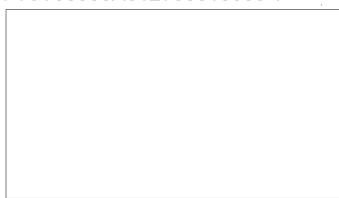
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*The new rulers in Bangladesh, uneasy about India's intentions following last week's coup, have assured New Delhi of their desire for friendship and have backed away from initial moves to designate Bangladesh an "Islamic republic."*

These developments, while gratifying to the Indians, will disturb the Pakistanis who initially were enthusiastic about the new government. India reportedly had reinforced military units near the Bangladesh border, but Prime Minister Gandhi told our ambassador that these forces now are being withdrawn. Meanwhile, friction within the Bangladesh army is getting worse as the various contenders for power maneuver for position. Despite their differences, however, they are trying to maintain an outward appearance of unity because they fear Indian intervention if their dispute gets out of hand.

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# The President's Daily Brief

*August 23, 1975*

5

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Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1)(2),(3)  
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the Director of Central Intelligence

**FOR THE PRESIDENT ONLY**

August 23, 1975

Table of Contents

Portugal: The anti-Goncalves group seems confident of its strength and predicts that the Prime Minister will be removed peacefully [redacted]

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(Page 1)

Portugal-Azores-Madeiras: The center-left Portuguese Popular Democratic Party in the Azores has joined the separatist movement there; the example in the Azores is encouraging a parallel movement in the Madeira Islands. (Page 3)

Jordan-Syria: The two governments announced the formation of a Supreme Command Council, composed of King Husayn and Syrian President Asad, in a communiqué capping Husayn's five-day visit to Damascus. (Page 4)

India-Bangladesh: The coup in Bangladesh is a significant setback for India, but New Delhi is trying to retain good relations with President Mushtaque's government rather than undermine it by military intervention or other pressure. (Page 5)

Angola: Portuguese Foreign Minister Ruivo yesterday outlined for Ambassador Carlucci his government's latest initiative for bringing an end to the fighting in Angola. (Page 7)

Notes: Turkey; Portuguese Timor (Page 9)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**PORtUGAL**

*Leaders of the effort to oust Prime Minister Goncalves are working on plans for a new government. They have instructed their military followers to remain in a "preventive status" this weekend, but not to initiate any action.*

*The anti-Goncalves group seems confident of its strength and predicts that the Prime Minister will be removed peacefully.*

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[redacted] 25X1  
[redacted] Costa Gomes will be retained as president under the plan now being formulated 25X1  
[redacted] 25X1  
[redacted] 25X1

The 45-year-old Fabiao has avoided the lime-light, but he is believed to be in tune with the views of the Antunes group. He has held a number of commands in the African colonies and apparently enjoys broad support in the military.

[redacted] Since the new government will need massive foreign economic assistance to solve Portugal's economic problems, the Socialist Party, which has long-standing contacts with other European countries, is expected to play an important role in arranging for foreign aid.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

The center-left Popular Democratic Party will certainly be represented in the next government, and there are indications that the more conservative Social Democratic Center--excluded from the government since Spinola's ouster--may be given a role. There seems to be general agreement that the Communists will be given a slot in the cabinet, but there are differences within the anti-Goncalves group as to which portfolio the Communists should have.

Goncalves, meanwhile, shows no sign of giving up. He is unlikely, however, to find enough support to change the situation. He is claiming support in the lower ranks of all three services and may still hope to demonstrate enough backing to raise the fear of possible civil war and thus improve his bargaining position.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**PORUGAL-AZORES-MADEIRAS**

*The center-left Portuguese Popular Democratic Party in the Azores has joined the separatist movement there. Popular Democratic leaders claim the party controls the Azorean Liberation Front in two of the three Azorean administrative districts and is trying to gain control on the main island of Sao Miguel.*

Participation of the Popular Democratic Party in the separatist movement should bring to the Front a degree of leadership and organizational skill it has lacked and help dispel its image as representing the interests of only the wealthy class. The party polled 60 percent of the popular vote in the islands in the April election.

Party leaders told the US consul in Ponta Delgada that if the Communists and radical leftists are ousted from the Lisbon government, the move for independence will be slowed but not stopped.

The example in the Azores is encouraging a parallel movement in the Madeira Islands, where there is widespread dissatisfaction with Lisbon's failure to deal with the growing economic problems of the islands. Government inaction has led to the formation of the Front for the Liberation of the Madeiran Archipelago, whose goal is the peaceful attainment of total independence from Portugal. The group has access to arms, however, and has taken credit for the bombing of a national radio transmitter on Madeira.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**JORDAN-SYRIA**

*Jordan and Syria announced the formation of a Supreme Syrian-Jordanian Command Council, composed of King Husayn and Syrian President Asad, in a communique capping Husayn's five-day visit to Damascus. The communique avoided any mention of a joint military command. This seems designed to relieve Israeli and US apprehension that a military command might be established. The command council, however, will review plans for "coordination and integration" between the two armed forces.*

The council is to meet at least once every three months to act on recommendations of the ministerial committee formed in July when Asad visited Jordan.

The prerogatives of the command council appear to be sufficiently broad to permit Husayn to keep his options open and move toward closer military cooperation at his own pace. The King sees benefits in closer cooperation with Syria, but he will be careful not to override the wishes of the Jordanian army, his major power base. The army, for its part, remains skeptical of Syrian motives, fearing that Asad will prevail on the King to allow the fedayeen to re-establish a presence in Jordan. The pro-forma treatment of Palestinian aspirations in the communique may reassure the army for the time being.

The communique lists several other areas in which the two governments are to work together. In addition to planning for a "unified foreign policy," particularly with respect to Arab issues, the command council will discuss coordination of economic and social development plans, the formation of joint economic companies, unification of markets, and establishment of a unified customs policy.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**INDIA-BANGLADESH**

*The coup in Bangladesh is a significant setback for India, but New Delhi is trying, at least initially, to retain good relations with Dacca rather than undermine the government of President Mushtaque by military intervention or other pressure. New Delhi has given de facto recognition to the new government.*

New Delhi's primary concern lies in indications that Dacca's new foreign policy is going to be far less favorable to India. Indian officials assume that Dacca will normalize relations with Pakistan and China, seek closer relations with Washington, and loosen ties with the USSR, India's closest ally and one of the earliest supporters of independent Bangladesh.

Although economic and political problems between the two nations have grown since India secured Bangladesh's independence in 1971, the late President Mujib regarded India as his country's closest ally, and New Delhi was assured of considerable leverage in Dacca. Now India is faced with the prospect of a less friendly and possibly even hostile neighbor--a prospect that is particularly troubling because some of India's most politically unstable states border on Bangladesh. New Delhi is further concerned that Dacca may turn from secularism to an emphasis on Islamic ties, a move that the Indians fear could lead to persecution of the Hindu minority in Bangladesh.

India so far has adopted a wait-and-see attitude toward the new government. This caution is encouraged by evidence of a power struggle in Dacca between middle-grade officers who led the coup and senior officers who supported the plotters but now want to assert their own authority. We have no indication that India is trying to support any particular group or individual.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

Realizing that India may be tempted to intervene, Bangladesh is trying to assure New Delhi of its desire for friendly relations. Probably in response to India's concern, Dacca apparently has decided against designating Bangladesh an "Islamic Republic," even though this will disappoint the Islamic countries from which Bangladesh hopes to receive economic aid.

India, too, is trying to maintain the appearance of normal relations. Its high commissioner to Dacca has returned to his post and Indian officials deny rumors of a buildup of Indian military units near the Bangladesh frontier. On Thursday, Prime Minister Gandhi told Ambassador Saxbe that the number of Indian units along the border was, in fact, being reduced.

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New Delhi is clearly shaken by events in Bangladesh, despite the fact that a coup had long been anticipated by Indian officials. This week, Foreign Minister Chavan called off a trip to Brazil in order to deal with the Bangladesh question. A special session of the Indian parliament that was to have convened last Monday has been postponed indefinitely, probably in part because the government does not want Communist members of parliament to make accusations about the coup.

India's Communists have had a field day with the coup, running many stories in leftist newspapers accusing the CIA of direct involvement.

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As long as New Delhi does not perceive a serious threat from Bangladesh, the chances for Indian intervention will decrease. Gandhi would not shrink from intervention if she considered it in India's interest, but for the moment the situation does not seem to call for such action. Her concern will increase markedly, however, if China establishes close relations with Dacca.

**FOR THE PRESIDENT ONLY**

**ANGOLA**

Portuguese Foreign Minister Ruivo yesterday outlined for Ambassador Carlucci his government's latest initiative for bringing an end to the fighting in Angola. Ruivo said Portugal is attempting to renew discussions among Angola's three liberation groups. He is doubtful that such talks will "meet with much success," but he hopes that the three groups can be brought into some sort of agreement that will last at least until independence, which remains set for November 11.

Basically, the initiative calls for:

--The negotiated withdrawal of all Popular Movement military forces from Luanda.

--The establishment of an "administrative" government, with legislative and defense powers in the hands of a high commissioner and with the former ministers of the defunct transitional government serving as directors general.

--Notification to the UN that the independence agreement signed last January between Portugal and the Angolan liberation groups is suspended.

Portuguese officials already have begun efforts to sell their proposal to the Angolan liberation groups and to leaders of neighboring African states. [redacted] a Portuguese military delegation from Lisbon visited Zambia [redacted] [redacted] to enlist President Kaunda's support for the plan. The delegation stated that similar approaches would be made to Zaire, Tanzania, and Uganda.

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The commander of the Portuguese air force in Angola recently told the US consul there that he has been working to bring together the leaders of the liberation groups in order to arrange a cease-fire. So far he has had no success.

There is only a slim chance that Angola's liberation groups will agree to the Portuguese plan. Although it offers a temporary political solution,

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

it takes away from the three groups many of the powers they had under the transitional regime instituted last January. The Popular Movement is likely to hold out for the territorial gains it has made. Even if an "administrative" government should replace the transitional arrangement, the liberation groups will continue to jockey for predominance and prepare for a resumption of armed struggle after independence.

\* \* \*

Portuguese President Costa Gomes formally requested US assistance yesterday in airlifting at least 140,000 of the 330,000 refugees who want to leave Angola. Lisbon has also approached the British and French for help.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

NOTES

*The Turkish general staff yesterday established new procedures which prohibit US air force flights through Incirlik air base to third countries.*

Such flights must now be routed through civilian airports at Istanbul and Ankara. The move apparently is not a new effort to press the US Congress to lift the arms embargo, but is rather the implementation of the Turkish government's earlier decision to restrict operations at Incirlik to NATO-related activities. Ankara appears willing to await the result of a new vote by the US Congress on the arms embargo before taking further action against the bases.

\* \* \*

*President Suharto apparently hopes to get explicit Portuguese support for Indonesian intervention in Timor to restore order.*

[redacted] Jakarta will ask Lisbon to initiate a request [redacted] for Indonesian assistance. The Portuguese realize they are in no position to stop the fighting in Timor. Consequently, they may well give the Indonesian approach a sympathetic hearing.

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# The President's Daily Brief

August 25, 1975

6 /

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Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1),(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

**FOR THE PRESIDENT ONLY**

August 25, 1975

Table of Contents

Portugal: President Costa Gomes last night disavowed two presidential communiquees issued earlier in the day that had made it seem he was backing Prime Minister Goncalves. The reversal has probably strengthened anti-communists in the military. (Page 1)

Portuguese Timor: Indonesian President Suharto continues to hold in abeyance plans for military intervention in Timor pending the outcome of discussions with Lisbon. (Page 2)

Notes: Laos; Bahrain (Page 3)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**PORUGAL**

*President Costa Gomes last night disavowed two presidential communiqües issued earlier yesterday that had made it appear he was backing Prime Minister Goncalves. Whatever the reason for the reversal, it would seem that the anti-communist group in the military will now be even more insistent in its demands for Goncalves' removal.*

Both communiqüés were released by the Communist-dominated propaganda service in the Armed Forces General Staff. They could have been issued without the President's authorization in an attempt by the Communists to provide momentum for a last-ditch effort to scuttle the efforts of the anti-communist group and save Goncalves.

We cannot exclude the possibility, however, that Costa Gomes authorized the communiqüés in an effort to aggravate divisions in the anti-communist camp. If so, it would seem that the scheme has backfired.

The communiqüés, broadcast by the official state radio and television stations before they were retracted, reported decisions supposedly reached earlier at a meeting of the ruling three-man directorate and other key military figures. They asserted that the Goncalves government must continue in power, that the political program supported by the anti-communist group led by Major Antunes is unacceptable, and that firm action would be taken against those instigating anti-communist incidents throughout the country.

Over the weekend, Army Chief of Staff Fabiao--who has been selected by the anti-communist group to replace Goncalves--issued an outspoken communique of his own, which sounded very much like a bid to rally public support for the move against Goncalves. Fabiao, in an indirect criticism of the Prime Minister, said it is wrong to label those who criticize the revolution as reactionaries. He said the time has now come to correct the mistakes of the revolution.

**FOR THE PRESIDENT ONLY**

FOR THE PRESIDENT ONLY

PORtUGUESE TIMOR

President Suharto continues to hold in abeyance plans for military intervention in Timor pending the outcome of discussions with Lisbon aimed at obtaining approval for Indonesia's stepping in to restore order in the territory. Should the situation reach chaotic proportions in the meantime [ ] Suharto [ ] will not wait.

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[ ] Lisbon has asked Indonesia only for assistance in evacuating refugees from Timor.

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Over 1,100 refugees, apparently including many Portuguese military, were evacuated by a Norwegian freighter over the weekend. Indonesia has a naval vessel standing by to evacuate the staff of its own and the Nationalist Chinese consulates. Jakarta is hesitant to send the ship into Timorese waters, however, fearing that its appearance might be misunderstood in Lisbon.

Anticipating the possibility of intervention without Portugal's express approval, [ ]

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Jakarta's concern that conditions there may pose a security threat to Indonesia. [ ]

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[ ] Indonesia has no territorial ambitions but only wants a smooth decolonization of Portuguese Timor.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

*The mass rally during the weekend in Vientiane celebrating the communist take-over of the Laotian capital involved little anti-US rhetoric and no anti-US demonstrations.*

The designation of a communist administration in the capital brings to an end, for all practical purposes, joint administration of Laos. Prime Minister Souvanna Phouma reportedly has become a target of criticism because he has not vigorously backed communist policies and programs. We have no evidence that the communists intend to remove Souvanna, but his position, along with those of other noncommunist officials who remain in office, may be in jeopardy unless he offers more active support.

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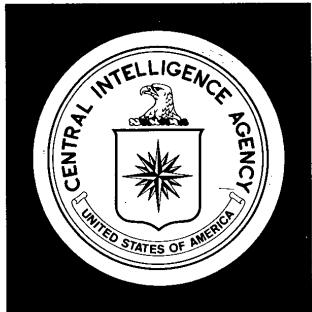
*Bahrain's Prime Minister Khalifa resigned and was reappointed in a matter of a few hours yesterday, in an apparent ploy by Khalifa and Emir Isa, the country's ruler, to rid themselves of the National Assembly.*

The two-year-old assembly has taken its responsibilities seriously and has been a constant thorn in the side of Bahrain's ruling family. The regime has also arrested some 30 leftist leaders.

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# The President's Daily Brief

August 26, 1975

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Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1),(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 26, 1975

Table of Contents

Portugal: Military leaders continued meeting yesterday, but there is still no sign of action to remove pro-Communist Prime Minister Goncalves. The President may be searching for a compromise to avert the risk of armed conflict.  
*(Page 1)*

USSR: We now estimate the Soviet grain harvest to be 170 million metric tons. *(Page 2)*

Notes: Saudi Arabia; China; Greece *(Pages 4 and 5)*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

*Military leaders continued their high-level meetings yesterday, but there is no clear sign of any action to remove pro-Communist Prime Minister Goncalves.*

President Costa Gomes may be trying to hammer out a compromise formula under which Goncalves would be replaced as prime minister in return for certain concessions to his supporters. The President may be convinced that any other solution would risk provoking armed conflict among factions of the armed forces. We cannot exclude the possibility, however, that Costa Gomes is engaged in delaying tactics designed to drain the anti-Goncalves group of its energies and resolve.

Whatever his motivation, the result of Costa Gomes' efforts has been to provide Goncalves and his supporters with an opportunity to strengthen their position. Last week, the Communist Party was clearly worried about its future. By Sunday, it was again on the offensive. Yesterday, the Communists announced that they have joined in a united front with seven extremist revolutionary groups to carry out "offensive action." The group plans a mass demonstration in Lisbon tomorrow to kick off nationwide rallies to support "unity of the revolutionary forces."

The Communist move seems calculated to rally support behind Goncalves and to divide his opponents. The newly formed front group announced that it favors a government program combining the positions of the Goncalves forces with those of the faction led by security chief Otelo de Carvalho. Just last week, the Carvalho group was reported to have joined the anti-Communist Antunes group in demanding Goncalves' removal.

*FOR THE PRESIDENT ONLY*

### USSR: Major Grain Growing Regions



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**FOR THE PRESIDENT ONLY**

USSR

*Our end of August estimate of the Soviet grain crop is 170 million metric tons, up slightly from the previous forecast of 165 million tons.*

The revision reflects more the receipt of new information than an improvement in Soviet crop conditions. Recent rains improved the outlook for potatoes and sugar beets, but came too late to give much relief to grains. This year's conditions, marked by the worst drought in the past two decades, make an estimate of the crop unusually uncertain. The Soviets have been unusually reticent in publishing information on crop conditions and yields, even at the local level, and have kept this year's large grain imports a secret at home.

The total shortfall in Soviet production in relation to expected requirements will probably be about 50 million tons, much more than the world market can provide. Since mid-July the Soviets have purchased 15.3 million tons of grain, including 9.8 million tons from the US. Confirmation of rumored purchases would boost the total to more than 16.5 million tons. Moscow apparently continues to search for available grain

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In addition, the USSR will limit its grain shipments to client states. Eastern Europe's grain import requirements in FY 76 will be about 9 million tons, close to the average for past years. Moscow usually supplies about one half of these requirements, but most or all of this year's needs probably will be filled by the US.

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Moscow asked Eastern Europe to look to the West for all of this year's grain imports, with financing to be provided by the USSR. Such a request by Moscow is unprecedented but is plausible, given the present US hold on grain sales to the Soviets. Moreover, Yugoslavia reportedly is in the market for 1 million tons of wheat, even though both our estimates and Belgrade's own statements

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

show no domestic need for such a transaction. The Yugoslavs may be seeking the wheat on behalf of the Soviets.

Soviet imports are not constrained by port capacity. Assuming reasonable scheduling, ports in the USSR can handle up to 36 million tons of grain imports a year. Total deliveries in 1973 reached 24 million tons, two thirds of present port capabilities, with no major delays reported. Although the domestic transport system can handle grain shipments of these magnitudes, there would be a diversion of freight cars from other uses and consequent short-term economic disruptions.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

NOTES

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Saudi Arabia

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\* \* \*

China again has publicized the dispatch of troops to factories in Chekiang Province, apparently to warn other provinces of the consequences of factionalism that disrupts production. Peking has not used troops in this capacity since the upheavals of the Cultural Revolution in the mid-1960s.

Over 10,000 troops have been sent to factories in the provincial capital of Hangchou since July 19 to quell long-standing factional disputes that have been disrupting production and causing civil disorder.

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**FOR THE PRESIDENT ONLY**

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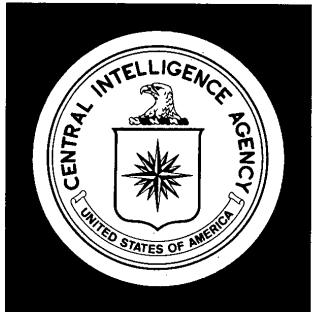
*The speed with which the Greek government announced yesterday that the death sentences imposed on the three leaders of the 1967 military coup would be commuted to life imprisonment suggests that Prime Minister Karamanlis is more concerned about heading off adverse reaction by some elements of the military than he is about criticism from the political opposition.*

Prolonged suspense as to whether the three defendants would be actually executed might prompt reaction from supporters of the junta who are still in the military. Although opposition leaders have reacted angrily to the haste with which the government announced the eventual commutation of the sentences, they lack the parliamentary votes to capitalize on the issue.

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# The President's Daily Brief

*August 27, 1975*

5

~~Top Secret~~ 25X1

Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1),(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

August 27, 1975

Table of Contents

Portugal: Army chief of staff Fabiao has reportedly ceased his efforts to form a new government to replace that of Prime Minister Goncalves.  
*(Page 1)*

USSR: The Soviets could be over the limit of 740 launchers on nuclear-powered submarines to which they are entitled without compensating reductions of older sea- or land-based launchers. *(Page 3)*

Syria: President Asad's resolve to demand more territorial concessions from Israel is likely to be strengthened by recent reports of strong domestic opposition to the current Sinai negotiations. *(Page 4)*

Argentina: Tension has increased sharply over the status of two army officers--the interior minister and his principal backer. *(Page 5)*

France-Italy-Portugal: French and Italian Communists have responded hesitantly to a call from Portuguese Socialist leader Soares for a conference of southern European Socialist and Communist parties to discuss Portugal. *(Page 6)*

Notes: Portuguese Timor; Yugoslavia; China; Kuwait  
*(Pages 8 and 9)*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

Portuguese army chief of staff Fabiao has reportedly ceased his efforts to form a new government to replace that of Prime Minister Goncalves.

[redacted] 25X1

A Lisbon newspaper [redacted]

[redacted] 25X1

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[redacted] reports that Fabiao has given up his efforts. The newspaper account says that further attempts at a compromise may be under way that would assign the task of forming a new government to someone else, possibly navy chief of staff Azevedo, who is a close friend of President Costa Gomes and last week gave at least indirect support to Goncalves.

A withdrawal of Fabiao and Carvalho from the contest for power would be a serious blow to the Antunes group, although not necessarily a fatal one. This, coupled with the Communists' increasing show of confidence and strength in Lisbon, would undoubtedly cause Antunes and his followers to reassess their own military strength.

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[redacted] 25X1

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Goncalves, meanwhile, appears determined to preserve the appearance of an active prime minister presiding over a functioning government. He met with the decolonization commission yesterday morning and later presided over a cabinet meeting. A communiqué after the cabinet session underlined the decision to reorganize certain military bodies, including the Revolutionary Council, which has opposed Goncalves' consolidation of power.

The government communiqué also stressed the importance of the newly organized united front comprising the Communist Party and seven other left-wing extremist groups as an effective instrument to halt the widespread anti-Communist violence. The front has called for a series of "unity demonstrations" to be held throughout the country in support of Goncalves. The first is scheduled for this evening in Lisbon.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

USSR

The Soviets are approaching a milestone under the Strategic Arms Limitation Interim Agreement. A second lengthened D-class submarine, launched in May, should have begun sea trials out of Severodvinsk. If so, the Soviets will be over the limit of 740 launchers on nuclear-powered submarines to which they are entitled without compensating reductions of older sea- or land-based launchers. Some dismantling apparently has already begun.

The Soviets are allowed 950 modern ballistic missile launchers on submarines under the provisions of the Interim Agreement. For every launcher above 740 on nuclear submarines, however, they must dismantle one older land- or sea-based launcher.

Lengthened D-class submarines carry 16 tubes. Counting the first lengthened D-class submarine now on sea trials, the Soviets apparently have 730 launchers accountable under the Agreement. A second lengthened D-class on sea trials would bring the total of sea-based launchers to 746.

[redacted]  
[redacted]

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The Soviets said last March that they were dismantling 34 older ICBMs in accordance with the procedures agreed to by the Standing Consultative Commission. Four SS-7 launchers [redacted]

already have  
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[redacted] already have been dismantled; dismantling of two more may be in process. The six would bring the Soviets within the provisions of the Agreement.

The remaining 28 older ICBM launchers are in a reduced state of readiness, and would appear to be prime candidates for dismantling when additional lengthened D-class submarines go on sea trials.

[redacted]  
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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**SYRIA**

*President Asad's resolve to demand more territorial concessions from the Israelis is likely to be strengthened by recent reports of strong domestic opposition to the current Sinai negotiations.*

Syrian fears have been agitated by the anti-Egyptian press in Lebanon and by Communist propaganda. As usual, many people suspect Egypt's President Sadat of trying to sell out Arab and Palestinian interests.

While Asad has reservations about a new Sinai agreement, he probably sees no way to stop a Sinai accord and fears that the only alternative might be a rapid slide into war. He also may believe that such an accord would encourage another Israeli withdrawal on the Heights. Nevertheless, Asad does not want to rely too heavily on the Egyptians and Saudis to look out for Syrian interests.

Asad, to buttress his own negotiating position, has moved closer to Jordan and the Palestine Liberation Organization and has continued to pursue the objective of having Israel expelled from the United Nations. By following these policies he probably hopes to put enough pressure on all the parties involved to focus attention on Syria once a Sinai accord is reached.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ARGENTINA**

Tension has increased sharply in Argentina over the status of the interior minister, army Colonel Vicente Damasco, and his principal backer--army commander in chief General Numa Laplane. Military leaves have been canceled and a number of units are on full alert [redacted]

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Top army commanders have issued statements demanding Numa Laplane's retirement and Damasco's removal from the cabinet or at least retirement from active military status. Military leaders resent the prominent role Numa Laplane and Damasco played in selecting the latest cabinet and their failure to consult widely in the process. They believe Damasco's presence in the cabinet links the armed forces to what they consider a hopelessly inept government. According to a press report this morning, Damasco has requested retirement from the army.

President Peron yesterday defied the armed forces by rejecting a resignation offered by Numa Laplane. Press reports indicate he has again offered to resign but has proposed First Army corps commander General Caceres as his replacement. The appointment of Caceres, who is not identified with those pressing hardest for Damasco and Numa Laplane to go, would presuppose the retirement of most of the disgruntled generals, who are senior to Caceres. Such a prospect is not likely to be accepted by the military.

[redacted]  
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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**FRANCE-ITALY-PORTUGAL**

French and Italian Communists have responded hesitantly to Portuguese Socialist leader Soares' call for a conference of southern European Socialist and Communist parties to discuss Portugal. Communist leaders in France and Italy appear caught between their desire to be more forthcoming for public consumption at home and their reluctance to get involved in what appears to be an attempt by Soares to use them to bring pressure on the Portuguese Communist Party to adopt a more cooperative line. The Socialist leaders--Mitterrand in France and De Martino in Italy--reacted quickly and positively to Soares' request.

The Communist parties of all three countries invited to attend--France, Spain, and Italy--have sought alliances with democratic parties to open the path to power. The parties in Italy and Spain, in particular, have criticized the cavalier attitude of the Portuguese Communists toward democratic procedures and their adoption of more traditional revolutionary tactics.

Obviously stalling for time, French Communist Party leader George Marchais argued in his reply last week that solidarity of the left in Western Europe is too important for such a meeting to be restricted to Portugal, France, Italy, and Spain, and suggested other European parties be invited as well. He probably hopes the difficulty of organizing any such meeting will postpone concrete preparations until the situation in Portugal is more settled.

The events in Portugal have provoked a quarrel between the French Communists and Socialists in which Marchais has come off second best. His image as the more doctrinaire, inflexible, and less democratic leader has been reinforced. His rival, Socialist Party secretary Francois Mitterrand, has gained by appearing to be a traditional social democrat who knows the limitations of his alliance with the Communists and can stand up to their ideological assaults.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

The Italian Communists have responded with caution to Soares' proposal. They made a general statement of approval of understandings between West European Communists and Socialists. In recent weeks, however, they seem to be backing away from their earlier open criticism of the Portuguese Communists' strong-arm tactics.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NOTES**

*The Portuguese foreign ministry has informed US officials that Lisbon is on the verge of asking Indonesia to intervene militarily in Timor.*

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[redacted]

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A green light from Lisbon would provide Jakarta with the justification it has been seeking and remove the last obstacle to military intervention.

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Lisbon announced early today that it had evacuated all Portuguese refugees in Dili, including the governor of Timor

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[redacted] Yugoslav [redacted]

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

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*A delegation from China's Council for the Promotion of International Trade will arrive in the US on September 5 for an 18-day tour.*

The mission will include representatives of trade corporations for machinery, minerals and metals, and native produce. The Chinese expect to meet members of Congress, government officials, and US businessmen to discuss trade, trade exhibits, and regional trade promotion offices in the US. They will also want to talk about the legal issues in US-China trade, including most-favored-nation treatment. US-China trade is off substantially this year because of the sharp drop in Chinese purchases of US agricultural products. US exports to China for the year will reach about \$250 million, compared with \$807 million for 1974. Chinese exports to the US will total about \$150 million, up from \$115 million last year.

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Kuwait

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# The President's Daily Brief

August 28, 1975

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exemption category 5B(1),(2),(3)  
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*FOR THE PRESIDENT ONLY*

August 28, 1975

Table of Contents

Portugal: The political chasm separating Lisbon and most of the rest of the country was made clear again last night by two political rallies, one in the capital and the other in the northern port city of Porto. (Page 1)

Notes: Portugal-Indonesia-Timor; Japan; Philippines; Rhodesia (Pages 3 and 4)

At Annex we present a military assessment of the present situation in Angola.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

PORtUGAL

*The political chasm separating Lisbon and most of the rest of Portugal was made clear once again last night by two political rallies, one in Lisbon and the other in Porto.*

In the capital, a crowd estimated at between 15,000 and 35,000 led by the newly formed united front of Communists and fellow-travelers marched to the presidential palace chanting support for Prime Minister Vasco Goncalves.

An appeal by President Costa Gomes for tolerance and a broadening of the new front to include less radical political groups brought boos, catcalls, and cries of "death to the church." Meanwhile, at a Socialist-sponsored rally in the northern port city of Porto 200 miles away, 50,000 marchers screamed for Goncalves' dismissal and rejected the return of a pro-Communist officer as head of the Northern Military Region.

The mood of the people outside Lisbon appears to be growing increasingly ugly.

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In the past few days, Leiria has been the scene of bitter anti-Communist violence, leaving one dead and ten seriously wounded.

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The headquarters of the pro-Communist 5th Division of the armed forces general staff, which has strongly supported Goncalves, was occupied yesterday by the security forces. They expelled the officers in the headquarters and conducted a thorough search. The 5th Division is the propaganda and information service of the armed forces. By itself, the seizure of the unit appears to be a reversal for Goncalves, but the move may also stem from a political compromise worked out by military leaders earlier this week. According to the US embassy in Lisbon, the raid on the military propaganda and information service was carried out on a direct order from the office of President Costa Gomes.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

The suspension of propaganda and information activities was part of a package announced by the Revolutionary Council on Monday. The package included reinstatement of the pro-Communist commander in the north and a restructuring of the Council by the Armed Forces General Assembly. The swift action against the 5th Division and apparent decisiveness of the security forces was unexpected. This may reflect Costa Gomes' irritation over the unit's dissemination Sunday of two official communiqüs without his authorization.

There appears to be growing support for compromise among Portugal's military leaders. There were additional reports yesterday that army Chief of Staff Fabiao had withdrawn his bid to form a new government. It is possible he agreed to do this in exchange for neutralizing the propaganda service.

A somewhat grimmer scenario was drawn yesterday for US Ambassador Carlucci by Emidio Guerreiro, interim secretary general of the left-of-center Popular Democratic Party. Guerreiro, who is believed to be well-informed, said Goncalves had flatly refused to step down and that he and the Communists had threatened to use armed paramilitary groups in Lisbon if the Antunes group did not desist. Also, according to this account, the Antunes group is unsure of its support among the military rank and file, and this is why it has been hesitant to take decisive action against Goncalves.

\* \* \*

According to a report received this morning from the US embassy, a source close to the Antunes group says President Costa Gomes has decided to remove Prime Minister Goncalves today. Costa Gomes reportedly told Antunes on Tuesday that Goncalves would have to resign today or he would fire him. The source says the Antunes group has not decided upon a successor to Goncalves, now that General Fabiao is out of the running, but that Brigadier Pedro Pezarat Correia, commander of the Southern Military Region, is the leading candidate.

If Costa Gomes does take the action against Goncalves, [redacted] there will be a strong reaction from pro-Goncalves forces in the Lisbon area.

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*FOR THE PRESIDENT ONLY*

NOTES

Portuguese President Costa Gomes' decision against endorsing unilateral Indonesian military intervention in Timor to restore order probably is too late to prevent an Indonesian invasion.

[redacted] Indonesia must move carefully to avoid being accused of aggression. He had hoped that Portugal would endorse Indonesian intervention. Despite the announcement from Lisbon, he probably will go ahead anyway and make it appear that he is acting on behalf of the Portuguese. Recent worldwide publicity about the deteriorating situation in Timor and Portugal's admission that it has lost control will work to Jakarta's advantage. Unilateral Indonesian action, undertaken in the name of ending the bloodshed and with the appropriate disclaimers about territorial ambitions, probably will not cause sharp international criticism.

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Japan has sold \$750 million in US dollars this month to prevent the yen from rising above a rate of 298 to the dollar. The yen has fallen almost 4 percent since February, but most of the drop has come in the past two months.

The yen has been under pressure, partly because interest rates in Japan are declining relative to those in the US and Western Europe. As a result, the net movement of foreign capital into Japan is declining sharply. The country's export slump also is contributing to the weakening of the yen. The value of exports has fallen 15 percent since the beginning of the year, reducing the demand for yen to finance trade. The Japanese trade surplus, nonetheless, remains high, amounting to \$4.1 billion during the first seven months of 1975, because imports have been falling faster than exports.

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*FOR THE PRESIDENT ONLY*

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Philippine President Marcos' state visit to the Soviet Union apparently will be postponed until next year.

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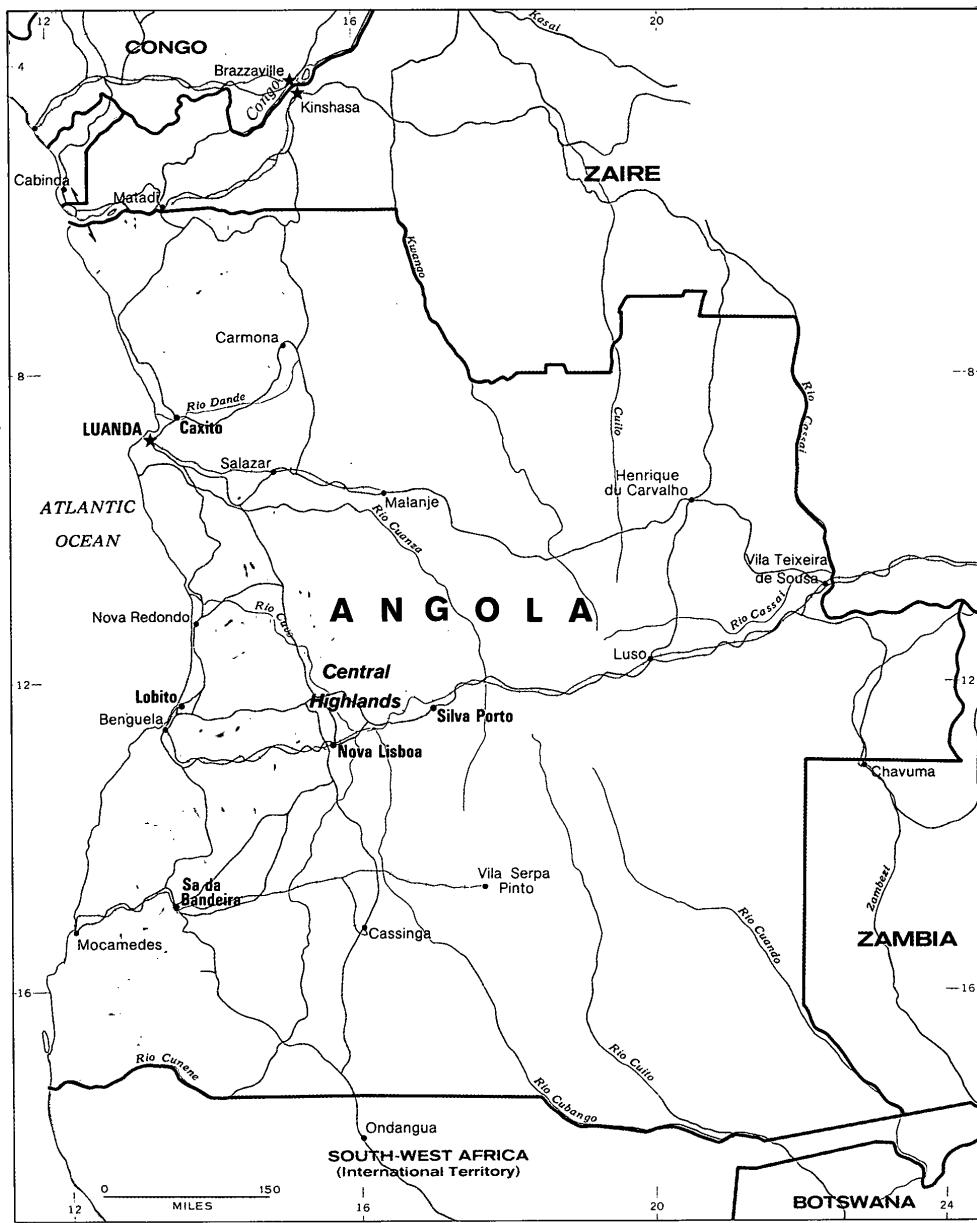
The onus for the failure of the settlement talks between Rhodesian Prime Minister Ian Smith and the black nationalist leaders earlier this week appears to rest on Smith, despite his statements blaming the nationalists.

The nationalists had long maintained they would not hold discussions inside Rhodesia, but reversed themselves and agreed to meet in committees there. Smith, probably taken aback by this unexpected concession, refused a long-standing nationalist demand that he guarantee safety from arrest for two key nationalist leaders to return to Rhodesia for the committee sessions.

[redacted] South African Prime Minister Vorster, whose heavy pressure on Smith was largely responsible for the meeting at Victoria Falls this week, has not yet reacted to the meeting's collapse.

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*FOR THE PRESIDENT ONLY*



FOR THE PRESIDENT ONLY

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## ANGOLA

*The Popular Movement for the Liberation of Angola has made substantial territorial gains in central and southern Angola in recent weeks, but the National Front for the Liberation of Angola and the National Union for the Total Independence of Angola may yet be able to squeeze the Movement between them. In order to accomplish this, however, the Movement's rivals will have to overcome quickly a number of basic deficiencies. The Portuguese, for their part, are unable to reassert their authority over the territory.*

The Popular Movement established its military and political dominance in Luanda and the exclave of Cabinda some time ago. As a result of recent fighting, it has gained control of Lobito, Angola's major port, and secured control over most, if not all, of the important towns and cities along Angola's central coastal region between Luanda and Lobito. It also has pushed its rivals out of Sa da Bandeira, a city deep in National Union territory in the southern part of the country.

The National Front is still in control of northern Angola and has established a strong presence at Caxito, some 40 miles northeast of Luanda. It has now pushed its way to within 20 miles of the capital.

The National Union still holds the dominant position in the central highlands--the area around Nova Lisboa and Silva Porto. It is making a major effort to retake Luso in eastern Angola, and apparently is planning an offensive to recapture Lobito, without which it has no effective resupply point.

The Popular Movement

Much of the Popular Movement's success to date is due to the fact that its troops and cadre are better trained and organized than those of its rivals.

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The Movement also has been able to recruit large numbers of black Angolans who formerly fought with the Portuguese during the insurgency. As a result, the Popular Movement has gained a well-trained and well-disciplined group of officers and non-coms, in addition to those who received training in communist countries in past years.

The Popular Movement's Marxist, urban-based origins have provided its leaders with the experience to mobilize and organize popular support. The Movement is now setting up paramilitary People's Defense Committees in Luanda and [redacted] recruited several thousand students for two Revolutionary Instruction Centers it is now operating in eastern and central Angola.

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Despite these advantages, the Popular Movement is by no means invincible. Its urban orientation works to its disadvantage in the countryside. Moreover, it may be overextending itself. In some areas it is already stretched thin. In addition, the Movement can no longer count on political support from leftists in Lisbon who are now preoccupied with their own political survival.

The National Front

Before its rivals can effectively challenge the Movement, they will have to overcome some serious deficiencies. The National Front is virtually isolated in northern Angola. It must rely on Zaire for food and military supplies. Although the area is highly populated, the population is widely dispersed and difficult to organize.

Front leader Holden Roberto's long refusal to leave his headquarters in Zaire until after his organization had been pushed out of Luanda in late June was a severe morale blow to the Front and created serious command problems. [redacted]

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[redacted] Roberto is now leading the Front's operations in the Caxito area, however, and this may help overcome past leadership weaknesses.

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Reliable sources in Luanda have informed the US consul that the National Front is undertaking a major build-up of heavy arms in northern Angola. The Zairian military is giving the Front sizable quantities of arms from its own stocks.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

The National Union

The National Union too is in a difficult position. It has always been the smallest and most poorly armed of the three liberation groups and has the largest area to defend. Because of its military weakness, the National Union apparently expended the best part of its effort during the insurgency toward political organization rather than clashes with the Portuguese. As a result, the Union has strong political support in central Angola, but needs a large supply of arms if it is to build a significant military force.

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To date, Union leader Jonas Savimbi's recognition that he lacks a strong military base and his misgivings about the staying power of the National Front have kept him from formally aligning with the Front. Savimbi has ordered his troops against the Popular Movement only as a last resort. His reluctance has cost him a certain degree of respect among the local population and his own troops, who appear to be well motivated and well led and regard his position as one of weakness rather than political expediency.

The recent fighting, however, apparently has convinced Savimbi that he has no real choice but to take an unequivocal military position against the Popular Movement.

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The Portuguese

The Portuguese are drifting aimlessly in Angola, despite recent announcements that Lisbon intends to reassert its authority over the territory. Lisbon has declared the agreement signed last January with the three liberation groups null and void and has assigned full legislative and defense powers to the acting high commissioner.

The Popular Movement has challenged that declaration. Its officials in Luanda are operating as if the transitional government continues to function. Using the authority derived from the economic portfolios they held in the transitional government,

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*FOR THE PRESIDENT ONLY*

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Movement officials in recent weeks have nationalized Luanda's banks and insurance companies and have signaled their intention to nationalize the Angolan airline in the near future.

The 22,000 Portuguese troops remaining in the territory are demoralized and distracted by the political struggle in Lisbon and are themselves divided politically. By and large, they have pulled out of the countryside to regroup in the large coastal cities in order to protect the evacuation of whites and prepare for their own eventual withdrawal. The Portuguese cannot maintain order outside of these cities.

What Next?

Portuguese officials are attempting to sell a modified transitional government to the three liberation groups. They are also sending delegations to neighboring African heads of state to enlist their support for a return to a coalition-type government in which all three liberation groups would participate, although with diminished authority. The acting high commissioner said yesterday that the senior representatives of the Popular Movement and the National Union in the former transitional government are currently in Lisbon to discuss the possibility of reviving the transitional government structure.

In the final analysis, the best the Portuguese can hope for is to get the whites out, maintain a semblance of authority, and establish some structure that will pass for a government and survive at least through the ceremonies transferring independence on November 11.

The Popular Movement appears set on gaining control over as much of Angola as possible between now and independence day. Movement leaders are probably well aware that their sympathizers in the government and the Armed Forces Movement in Portugal are under intense pressure and may not be able to force whatever government is in office in Lisbon at the time to recognize or support a declaration of independence for the territory under the Movement's banner. In that event, Movement leaders undoubtedly want to be in the best possible military position to take over the territory by force come November.

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*FOR THE PRESIDENT ONLY*

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The Popular Movement is caught, however, between the Front in the north and the Union to the south. These groups could tighten the vise on the Movement if they can gain the necessary momentum without undue delay. Even if they can take the initiative away from the Movement, however, the best they may be able to achieve is a stalemate, forcing it to return to a coalition government that could assume independence from Portugal in November. Such a government, however, would be unlikely to survive much beyond independence day.

A5

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# The President's Daily Brief

August 29, 1975

5

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exemption category 5B(1),(2),(3)  
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**FOR THE PRESIDENT ONLY**

August 29, 1975

Table of Contents

Portugal: Communist leader Cunhal has urged that military and civilian leaders meet for a last-ditch effort to avoid civil war. The danger of an armed showdown is real enough, but Cunhal's main purpose in calling for talks is to avoid the onus for any fighting.  
(Page 1)

China: Peking is spreading the word inside China that your trip there is unlikely to result in improved bilateral relations. (Page 2)

Notes: Greece-NATO; India (Page 3)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**PORUGAL**

Communist Party leader Alvaro Cunhal appealed last night for a last-ditch effort to avert civil war. Cunhal told a hastily assembled press conference there was a growing feeling in the country that a recourse to force was inevitable and that the only way to avoid it was to find a common political solution immediately. He said his party is ready to meet with virtually all political and military factions to seek such a solution.

Cunhal is obviously concerned about Goncalves' staying power as prime minister, but he may also be maneuvering to avoid the onus for an armed showdown should one occur. In addition to a limited number of military units that might support Goncalves in such a showdown, the Communists and allied leftists reportedly have 15,000 armed men, although this figure may have been deliberately circulated by the Communists to frighten their opponents.

Costa Gomes' hesitancy about removing Goncalves has been attributed [redacted] to the threat posed by these armed militants. There are again signs, however, that Costa Gomes now intends to take a tougher stand. On Wednesday, he warned the news media about adding to the present political tension. The same evening, he cut short a speech to a pro-Goncalves demonstration because of harassment from the crowd. [redacted]

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Pro-Antunes military groups may also be losing patience with Goncalves and the Communists. On Tuesday one Antunes supporter, the commander of the Southern Military Region, asked his units for the latest reports on troop strengths. Yesterday, units in the Central Military Region, which have been on maneuvers since last week, were setting up roadblocks outside Coimbra, along the most direct route for Communist reinforcements from Porto to Lisbon.

As the crisis drags on, Cunhal's warning of civil war takes on added credibility.

**FOR THE PRESIDENT ONLY**

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**CHINA**

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*Peking is spreading the word inside China that your trip there is unlikely to result in improved bilateral relations. This effort apparently is designed to reduce popular expectations about your trip and to prepare the country to accept the status quo at least for the time being.*



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## NOTES

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Greek

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*Prime Minister Indira Gandhi's political position remains strong as India enters its third month under a state of emergency.*

The Prime Minister is encountering little resistance to her increasingly authoritarian rule, and her hand has been strengthened since June by encouraging short-term economic prospects. India appears headed toward its best economic year since 1970-71. Ample summer rainfall promises an unusually good harvest this fall. The government's success in cooling inflationary pressures has lowered prices considerably. Gandhi seems to be leaning more toward conservative political advisers and trying to play down her long-standing ties with the pro-Soviet left. She has also indicated an interest in improved relations with the US; last Sunday she unexpectedly accepted a dinner invitation from the US embassy.

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# The President's Daily Brief

*August 30, 1975*

5

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declassification schedule of E.O. 11652  
exemption category 5B(1),(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

**FOR THE PRESIDENT ONLY**

August 30, 1975

**Table of Contents**

Portugal: The appointment of Admiral Azevedo as prime minister and General Goncalves as chief of staff is a setback for the anti-Communist Antunes group, which has not yet reacted.  
(Page 1)

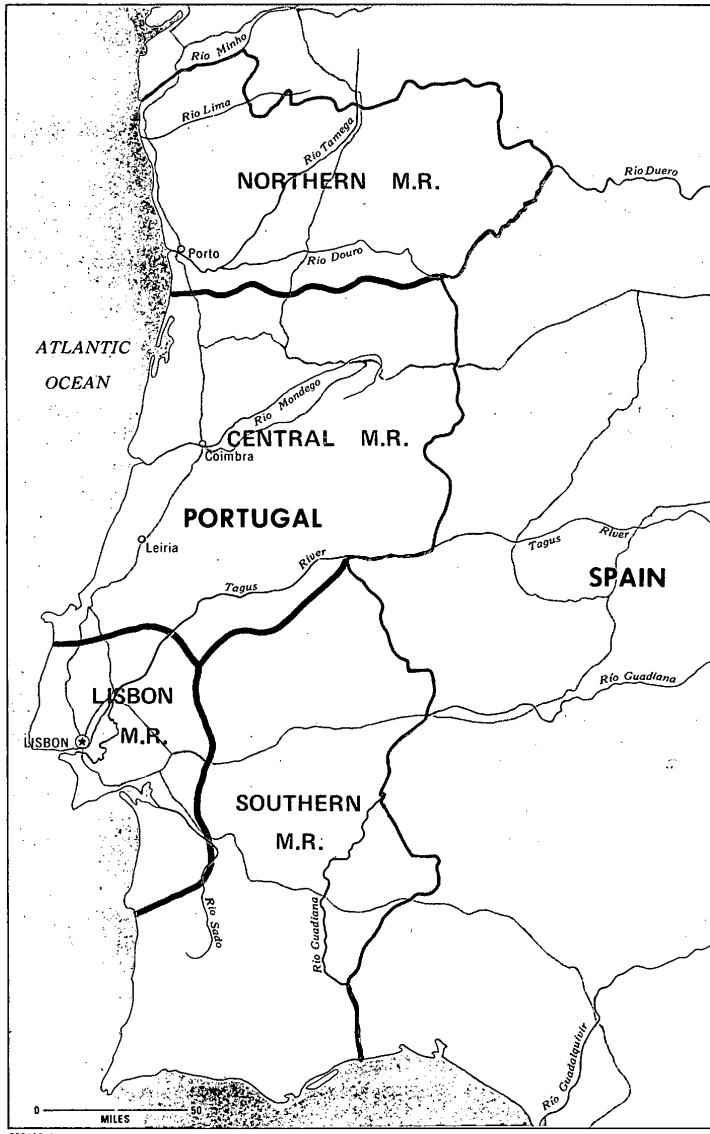
Peru: A coup has placed General Morales Bermudez in power. He will be less radical than Velasco and may seek smoother relations with the US.  
(Page 3)

Saudi Arabia - Iran: Saudi Arabia and Iran apparently remain seriously divided on the issue of an oil price rise, but we believe OPEC will try to work out a compromise involving a price increase of perhaps 10 to 15 percent. (Page 6)

Egypt-USSR: Moscow has taken some additional steps in its prolonged war of nerves with President Sadat. (Page 8)

Note: USSR (Page 9)

**FOR THE PRESIDENT ONLY**



**FOR THE PRESIDENT ONLY**

**PORtUGAL**

*The anti-Communist faction of Melo Antunes, which spearheaded the drive against Goncalves, has so far not responded to the appointment yesterday of Admiral Azevedo as prime minister or to Goncalves' being named armed forces chief of staff. But the appointments may have moved the country a step closer to civil war.*

The US embassy reports that the Antunes group had already decided that these changes were unsatisfactory. The embassy says that actions of the military in northern Portugal in the past two days may be seen as part of the Antunes group's strategy for gaining power. It is designed to start in the north, gather military and civilian support, and gradually isolate Lisbon. The Antunes group claims to have near-total support in both the northern and central military regions. Units elsewhere remain a question.

Yesterday, Central Military Region Commander Charais, who is a staunch supporter of the Antunes group and who could emerge as a strong man, issued a communiqué stating his units will guarantee that Portugal does not revert to a totalitarian regime. He called on the civilian population to give unequivocal support to his troops.

The communiqué and a letter signed by officers in Porto, demanding that General Corvacho not be reinstated as northern region commander, are both seen as in keeping with the Antunes strategy.

The Antunes group, while admitting Admiral Azevedo is no Communist, sees him as weak and susceptible to manipulation. Azevedo, 58, is reportedly a close friend of President Costa Gomes and was named navy chief five days after the Armed Forces Movement overthrew the Caetano regime in April 1974. He has retained that post throughout the hectic 16 months that have followed--no mean task.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

Azevedo clearly favors a leftist course, although he is not as extreme in his views as Vasco Goncalves. The Admiral has been not unfavorable in his comments regarding the US and NATO.

Melo Antunes and his closest supporters may have committed themselves too far to turn back now, although the Portuguese capacity to procrastinate has seemed endless. The support Antunes will attract to any effort to oust the new government will depend to some extent on aspects of President Costa Gomes' compromise package that have not yet been released. The make-up of the cabinet, for instance, and the government program adopted may affect the willingness of the less-committed to lend their support to an effort to change things by force.

The Antunes group must now decide whether to try to upset the new arrangement or forfeit any chance of changing the direction the country is heading.

**FOR THE PRESIDENT ONLY**

**PERU**

*The coup that brought General Morales Bermudez to power in Peru appears to have been well-planned and timed to coincide with the closing session of the nonaligned conference. Morales Bermudez apparently commanded the coup from the southern city of Tacna.*

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General Velasco is said to have accepted his ouster. Lima and the rest of the country are reported calm. Some police officials are concerned about violence in the capital's slum areas, where Velasco enjoys some support. Police and military units should be able to put down any demonstrations.

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Morales Bermudez appears firmly in command of the situation. A number of generals who have been long-time supporters of General Velasco have not yet been heard from, but it is unlikely that they will oppose the new President, given the wide support he enjoys.

The US embassy reports that the nonaligned conference is stalled as delegates attempt to follow events and, perhaps, seek instructions from their governments concerning recognition. Some delegates have speculated that President Morales Bermudez might even address the meeting.

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General Morales Bermudez has long been dissatisfied with former president Velasco's radical, often arbitrary exercise of power. The new President's political views are somewhat less extreme

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

than those of his predecessor. He is likely to seek a less rancorous relationship with the US and probably will tone down Velasco's stridently anti-imperialist foreign policies.

We do not believe that any one event prompted Morales Bermudez to move now. In fact, he had been steadily taking over the effective reins of power since last February, when Velasco was temporarily incapacitated by a stroke.

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Morales Bermudez served as finance minister from 1968 through 1973 and as army chief of staff from 1973 until he became prime minister last February. He has a reputation as an honest, methodical leader. He appears sensitive to the concerns of his fellow officers, a welcome change from Velasco.

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Mexican President Echeverria yesterday told Ambassador Jova in Mexico City that, on the basis of Fidel Castro's "glowing" comments about Morales Bermudez, Echeverria would not be surprised to see the new Peruvian leadership "take a sharp turn to the left." If Cuban officials in fact made such comments to Echeverria, they probably are indicative of Cuban uncertainty, and perhaps wishful thinking, rather than an objective assessment of the new Peruvian leader. Our assessment is that he will not move Peru further to the left domestically, nor is he likely to move closer to Cuba and other communist nations.

This is not to say that we expect Morales Bermudez to swing the government to the right. The new President remains firmly committed to the seven-year-old "revolution," including its commitment to an independent foreign policy. Thus, while

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Morales Bermudez is expected to seek a smoother relationship with Washington, the policies of the two countries are likely to remain far apart on many issues.

Morales Bermudez' widely-shared agreement with Velasco's goals of improving the lot of Peru's Indian masses and of redistributing national wealth argues against any rapid or basic change in the character of domestic policies. On the other hand, Morales Bermudez appears disposed to allow a greater degree of personal freedom, including a loosening of the severe restraints on the press, and eventually more civilian participation in political affairs.

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**SAUDI ARABIA - IRAN**

*Saudi Arabia and Iran apparently remain seriously divided on the issue of an OPEC oil price rise in the fourth quarter. The Saudis, in fact, may attempt to thwart an increase at the OPEC conference meeting on September 24, although we believe members will try to work out a face-saving compromise involving a price increase of perhaps 10 to 15 percent.*

Ambassador Akins was informed by Saudi Oil Minister Yamani on Wednesday that Riyadh had decided it must hold the line against any price increase. Yamani further claimed that he told Iranian Minister Amouzegar that if Iran insisted on a large price increase, the Saudis would sell at current prices and sharply increase production, even at the risk of splitting OPEC.

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Yamani

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told Akins that Iran favored a compromise in the neighborhood of 20 percent. In any case, he felt that a final Saudi decision would be made after Secretary Kissinger's visit to Saudi Arabia.

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Riyadh has strong bargaining power. It can bring almost 3 million barrels a day in unutilized productive capacity into service, which would force the rest of the cartel to cut production 1 to 2 million barrels a day in the fourth quarter. But, like last year when Riyadh called off an oil auction which would have lowered the price of oil, the Saudis are unlikely to risk a breakup of OPEC. We still expect a compromise, resulting in a price increase of 10 to 15 percent.

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**EGYPT-USSR**

*Moscow has taken additional steps in its prolonged war of nerves with President Sadat. The Soviets' distaste for Sadat's policies, particularly his deepening ties with the US, is so intense that they apparently are willing to risk further restrictions on their remaining privileges in Egypt.*

[redacted] Moscow has [redacted] canceled military training courses for students about to depart for the USSR. Few Egyptians have been trained in the USSR since the October 1973 war [redacted]

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[redacted] Moscow seems to be going out of its way to show its displeasure with Cairo.

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In what may well be another aspect of the Soviet campaign against Cairo, an anti-Sadat manifesto attributed to the central secretariat of the Egyptian Communist Party appeared last month in a radical paper in Beirut. The manifesto, which presented a detailed indictment of Sadat's foreign and domestic policies, said that while the Communist Party did not aim at the overthrow of Sadat, it would seek to stimulate and organize opposition to his policies. Egyptian Prime Minister Salim recently confirmed that the document was drafted and circulated by some Egyptian Communists. Salim dismissed the manifesto as insignificant and said the Egyptian Communists are under control.

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NOTE

*Soviet propagandists are playing up the need for an Asian security conference similar to the recently concluded European summit. The latest issues of New Times and Izvestiya carry articles which stress the applicability to Asia of the principles agreed to at Helsinki.*

Not surprisingly, the principle the Soviets deem most relevant for Asia is the inviolability of frontiers. The *Izvestiya* article attacks Maoists and "revanchists" in Japan for favoring territorial revision, and claims that most Asian countries, including India, favor resolving frontier disputes by peaceful means. *Izvestiya* also seems to imply that the Middle East should be included in the area to be covered by the new security arrangement. The Soviets' renewed emphasis on Asian collective security not only is a logical follow-on to the European security conference, but also appears to be part of a new propaganda campaign against China. The Soviets are arguing that anti-Sovietism is becoming institutionalized in China and probably will continue after Mao dies.

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