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# The President's Daily Brief

*September 25, 1974*

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September 25, 1974

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**ITALY**

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## FOR THE PRESIDENT ONLY

### REACTION TO OIL SPEECHES

*Governments everywhere appear to be trying to assess the implications of the speeches you and Secretary Kissinger made Monday on artificial rigging of oil prices. Few have reacted publicly; many of them are probably looking for ways to avoid offending either the US or the oil exporters.*

The West Germans, for example, have told the press they would have no comment because they are "striving to improve relations with the Arabs." The British Department of Energy urged consultations between producers and consumers, keeping the needs of developing countries in view.

#### OPEC Responses

Oil exporters were defensive. Most, like Iranian Prime Minister Hoveyda, justified high oil prices with references to the high cost of Western manufactured goods. Representatives of OPEC were most aggressive, denying that oil prices had been used politically or that inflation began with oil price hikes. These spokesmen argued that oil rates had been adjusted because of inflation. OPEC, they said, had acted only to reduce "windfall profits made by international companies, mostly American companies."

Sheikh Zayid, President of the United Arab Emirates, was more conciliatory, supporting cooperation to cut prices of all products in international trade. He claimed that oil-exporting states are ready to lower their prices in return for lower prices on manufactured goods and food. Saudi Oil Minister Yamani initially endorsed your appeal for interdependence in world resources, but in a later interview cautioned, "as a friend," that the US should avoid actions that oil producers and developing states will view as "economic imperialism." Kuwaiti Oil Minister Abd-al-Rahman al Atiqi warned that consumer states could hurt their own interests by forming a front. He explained that it would put the oil states on alert to protect their own interests.

#### Venezuela

Twice within the past week, Venezuelan President Carlos Andres Perez has publicly criticized your remarks on the world energy crisis and aggressively defended the right of Venezuela and other countries

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to get a better deal for their raw materials on the world market. In a public statement yesterday, Perez again defended his administration's oil-pricing policy. Some officials are saying Venezuela plans new taxes that may have the effect of raising the price of Venezuelan oil. Perez has made clear that his administration is not picking a fight with the US and wants to maintain cordial relations with Washington.

Middle East Press

The Arab press has reacted sharply, giving wide circulation to an Iraqi-controlled Beirut newspaper's headline charging that you threatened to seize Arab oil by force of arms. A Syrian-subsidized paper in Beirut claimed that the US threatened nuclear war over petroleum. Only one commentator has cautioned that the Arab states cannot win a food-versus-oil confrontation with the US. Amman radio highlighted your call for a comprehensive world energy plan and cooperation between exporters and importers.

One Israeli commentary has appeared, in the influential paper Ma'ariv, saying that US leaders are wrong to assume that there is any usefulness to approaching Arab oil producers.

Communist Reaction

The Soviets have avoided reporting the proposals on global food and energy policies and economic interdependence contained in your speech to the UN last week. Tass has reported only that your speech in Detroit "contained a warning" to petroleum-producing countries that had increased their prices. A Radio Moscow broadcast in Arabic last night quoted the Kuwaitis as viewing your call for a conference of Western oil-consuming states as the first step toward creating a bloc "hostile" to the oil-exporting countries.

As of this morning, there has been no mention on Peking Radio of either your speech in Detroit or Secretary Kissinger's speech at the UN. Radio Hanoi called the tone of your speech harsh, but its report was brief and relatively straightforward.

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CAMBODIA

*The potential for serious civil disorder in Phnom Penh is probably at its highest level in over a year. Public discontent, sparked earlier this month by the dispute with South Vietnam over offshore oil exploration, has now been magnified by unpopular economic reform measures.*



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Under these conditions, the return of Brigadier General Lon Non--President Lon Nol's younger brother--to Phnom Penh is particularly untimely. Not only is Lon Non anathema to leading politicians, such as Sirik Matak, he is also thoroughly distrusted by students and teachers who hold him personally responsible for disturbances in March 1973 in which a number of demonstrators were killed or wounded. Although Lon Non

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visit will only be a brief "vacation," US officials believe that he will try to stay. His presence in Phnom Penh is another dangerous ingredient in an already worrisome mix

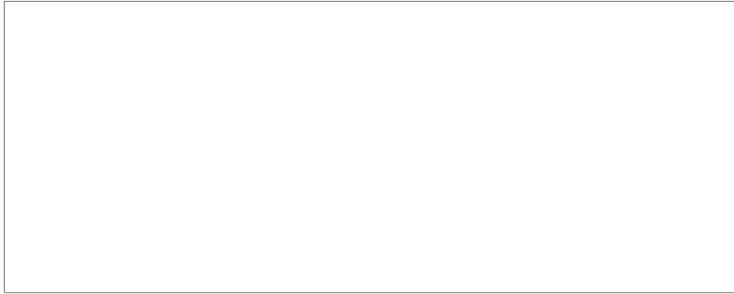
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The government's ability to deal with serious disorders also could be affected by the very campaign it has mounted to retain its UN seat. Prime Minister Long Boret--by far the most able government leader--has been abroad lobbying on the UN issue almost constantly since early August. When Boret returns to Cambodia after addressing the General Assembly next month, Deputy Prime Minister and Education Minister Pan Sothi--who has been handling the government's relations with students and teachers--is scheduled to depart for the UNESCO conference in Paris. A credentials challenge is expected at this conference which could strongly influence the outcome of the General Assembly vote.

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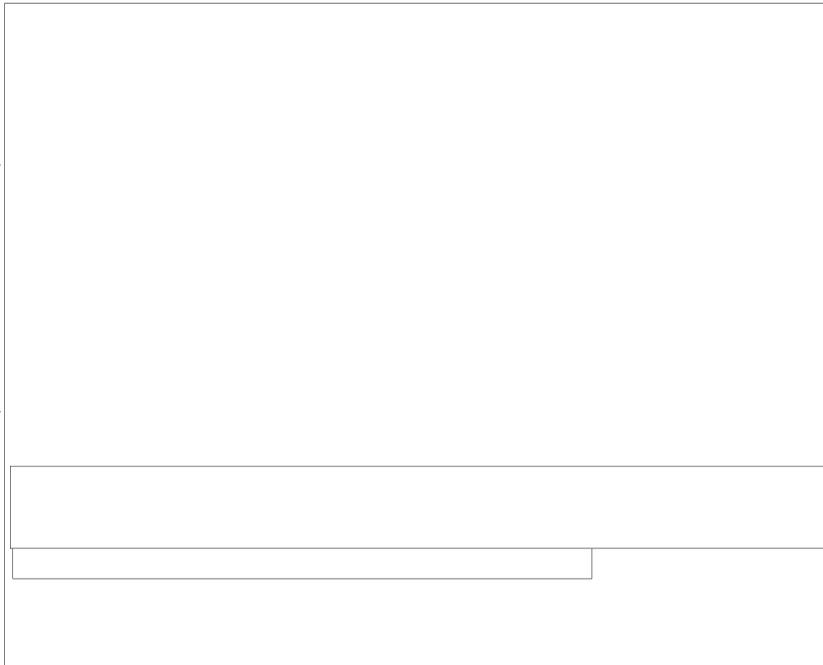
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USSR-CHINA

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TURKEY

*The Democratic Party yesterday re-jected Prime Minister Ecevit's invitation to join in a coalition government, but the Democrats appear to have left the door open for further negotiations. The wording of the rejection shows that the Democrats balked at Ecevit's insistence on an election this December.*

Ecevit has little choice now but to give up on the idea of an early election. The Democrats were his best chance to obtain the parliamentary majority necessary to approve an election. He may make another proposal to the Democratic Party, possibly suggesting an election next spring, and there are signs that the Democrats would be more receptive to such an offer.

If Ecevit is unable to move the Democrats into a coalition, he may try to form a minority government. If both efforts fail, President Koruturk could ask Suleyman Demirel, leader of the opposition Justice Party, to try to organize a coalition. In any event, Ecevit will continue to head the caretaker government until a new government is formed.

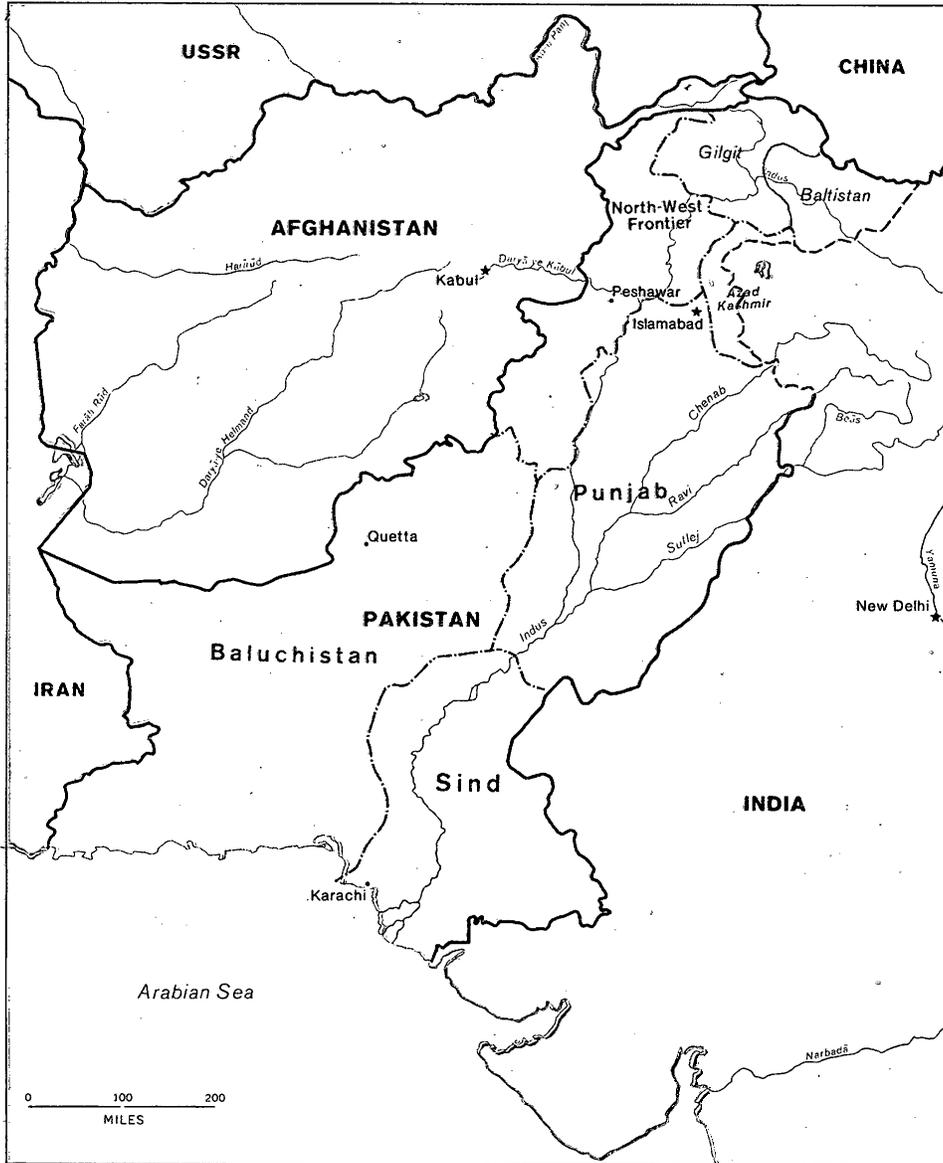
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BANGLADESH

*Plotting to overthrow the government of Prime Minister Mujibur Rahman is likely to continue, despite the inability of the opposition to demonstrate effective popular support.*

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NOTES

Pakistan-Afghanistan: Pakistani military operations against tribal insurgents in Baluchistan Province will probably lead Afghanistan to increase its anti-Pakistan propaganda even further, but there is little evidence that either country is preparing for hostilities. Despite the long-standing border dispute between the two nations and Afghan sympathy for Pakistani dissidents, Afghan President Daoud knows his army is much weaker than Pakistan's. Moscow and New Delhi have given Kabul substantial economic and military assistance, but Daoud cannot be sure that either would come to Afghanistan's rescue in the event of a war with Pakistan.

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USSR-Libya: More Soviet technicians reportedly are scheduled to arrive in Libya soon, most of them to set up training programs in the use of Soviet-supplied missiles. The scope of the Soviet-Libyan arms deal, which was signed last spring, and the withdrawal of Egypt's military advisory mission may have prompted Tripoli to accept additional Soviet personnel. An expanded presence, however, would not give Moscow the pervasive role that the Egyptians had. The Libyans remain suspicious of Soviet intentions and will keep Soviet advisers under close scrutiny.

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Japan-China: With a view toward boosting sales to China, Tokyo's Export-Import Bank has, after protracted negotiations, formally approved its first loan to Peking in ten years, a \$30-million credit which will help finance Peking's purchase of a 300,000-metric-ton ethylene plant worth nearly \$50 million. Over \$80 million in other Exim Bank loans to Peking are due for final approval this year, and more loans are likely to be approved next year. Japanese exports to China, although relatively small, are growing rapidly. Sales totaled over \$1 billion in 1973 and are likely to reach \$1.5 billion this year. Japan has run a small surplus in its trade with China, but large imports of Chinese crude oil could reverse this trend by the end of the decade.

Ethiopia: The Confederation of Ethiopian Labor Unions has called a general strike for today--its response to the arrest of three of its leaders on Monday. An extended strike would bring serious economic dislocation and would increase chances for more unrest. The strike call coincides with signs of opposition outside the capital. A popular provincial governor, who has eluded arrest, has taken to the countryside with a few armed retainers. The military regime reportedly has also provoked the Danakils, warlike nomads in northeastern Ethiopia. The military ordered their leader to turn himself in but backed down when threatened with armed tribal resistance to any arrest attempt.

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