

*ZUP*



# The President's Daily Brief

*October 18, 1974*

5

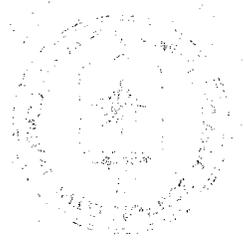


~~25X1  
Top Secret~~

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

SECRET

TOP SECRET - FROTH MAT



**FOR THE PRESIDENT ONLY**

October 18, 1974

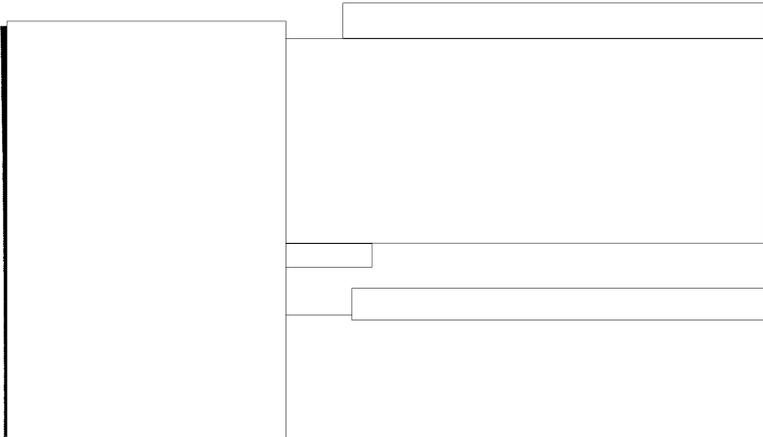
Table of Contents

<u>Portugal:</u> [redacted] (Page 1)	25X1
<u>Mexico:</u> Debate over how much oil to export. (Page 4)	25X1
<u>Fedayeen:</u> [redacted] (Page 6)	25X1
<u>Turkey-USSR:</u> Turks seeking financial aid. (Page 7)	
<u>Notes:</u> China; UK; Australia; Iraq (Pages 8 and 9)	
[redacted]	25X1

*FOR THE PRESIDENT ONLY*

PORTUGAL

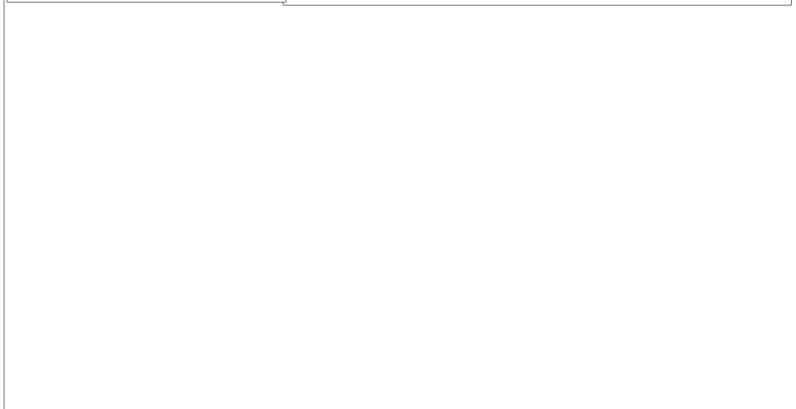
25X1



25X1  
25X1

25X1  
25X1  
25X1

25X1

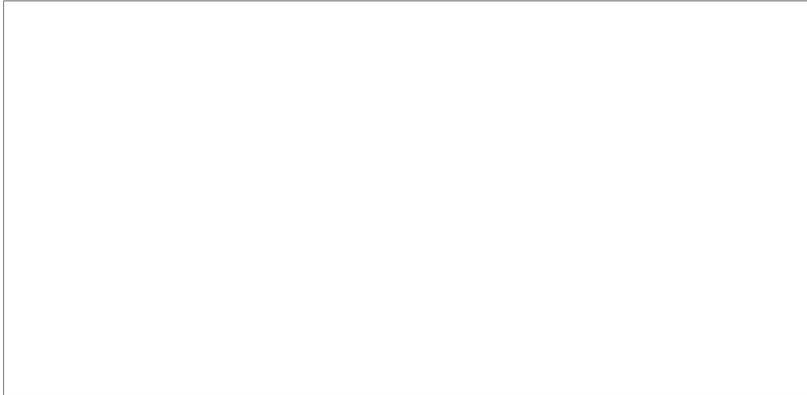


25X1



25X1  
25X1

*FOR THE PRESIDENT ONLY*



25X1



25X1



25X1  
25X1



25X1



25X1  
25X1



25X1



25X1  
25X1



25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

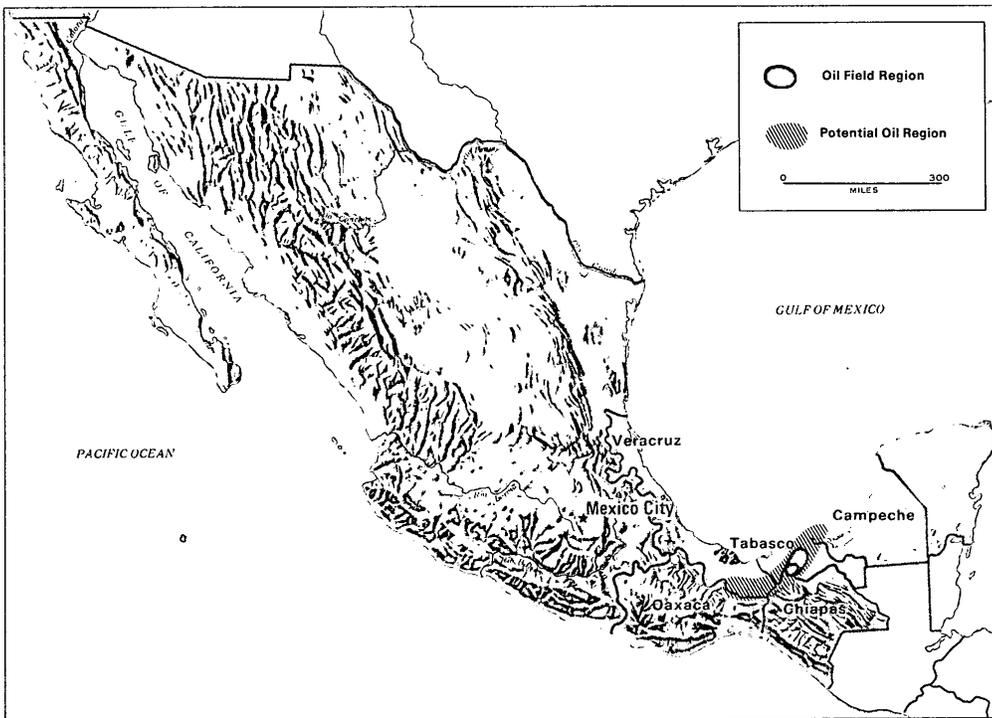
25X1

[Redacted]

25X1

*FOR THE PRESIDENT ONLY*

# Mexico New Oil Regions



556740 10-74

FOR THE PRESIDENT ONLY

MEXICO

*Mexico has unquestionably discovered large new petroleum resources near the Gulf of Mexico that give it reserves at least as large as those of Venezuela, and possibly much larger.*

Revelation of the size of the deposits in the US press has precipitated a public debate over Mexico's oil-export policy. [redacted]

25X1

25X1

[redacted] the leak has been particularly damaging to those in Mexico who favor rapid boosts in exports.

25X1

Earlier this month, Mexico made arrangements with the USSR to ship from 450,000 to 500,000 barrels of crude oil to Cuba. The shipments to Cuba followed the initiation in September of exports of about 35,000 barrels per day to three US companies.

In September, Mexico also approached several other US firms and several Latin American countries about selling oil. Mexican officials stressed, however, that the sales to the US are only a short-term deal based on financial considerations and do not imply that Mexico intends to become a large exporter of crude oil.

Nationalist and conservationist views receive strong support from Mexicans generally. In the past, such views have had strong influence on resource development policies. Mexico has long restricted output of many minerals to the levels required to meet domestic demand. In 1965, it refused to take advantage of exceptionally high world sulfur prices and limited exports and future output.

Petroleum policy has been the subject of strong debate among President Echeverria's closest advisers, two of whom are also leading contenders to succeed him as president in late 1976. Secretary of Government Moya Palencia is considered friendly to the US, but he takes a nationalistic position on oil exports. Moya feels Mexico should move very cautiously, perhaps exporting a modest quantity of refined products, while taking care to avoid rapidly depleting the new deposits for short-term financial advantage.

*FOR THE PRESIDENT ONLY*

Taking the opposite view is Secretary of Finance Lopez Portillo, who advocates that Mexico become a major oil exporter. Lopez Portillo is convinced that large oil revenues would have a beneficial impact on Mexican economic development. He has also repeatedly expressed concern about the impact of high oil prices on developing countries.

Echeverria himself would not boost oil exports to an extent that would endanger future domestic energy supplies. He has expressed concern about future supplies and may want to tie oil exports to the acquisition of advanced energy technologies. However this debate is resolved, pressing economic problems will almost certainly result in some export of oil.

Mexico's foreign trade deficit is increasing and it is faced with one of the world's fastest growing populations. The economy requires large new capital inflows in order to maintain the 8-percent real annual growth rate necessary to provide the 600,000 new jobs required annually.

Inflation, on the other hand, has become a major political issue in Mexico, and the President is concerned that petroleum development may aggravate inflationary pressures.

\* \* \*

[Redacted]

25X1

25X1

*FOR THE PRESIDENT ONLY*

FEDAYEEN

[Redacted]

25X1

[Redacted]

25X1  
25X1

[Redacted]

25X1

[Redacted]

25X1  
25X1

[Redacted]

25X1

[Redacted]

[Redacted]

25X1

25X1

[Redacted]

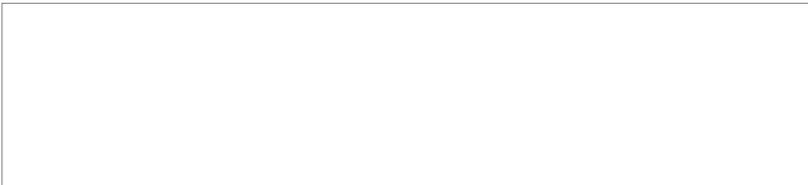
*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

TURKEY-USSR

*Turkey is moving to give some substance to recent hints that it intends to strengthen economic ties with the USSR. The Turks will begin negotiations in Moscow shortly, in an attempt to obtain financial help.*

Soviet offers of aid to Turkey are nothing new; preliminary talks have been going on for 18 months. What is new is Turkey's increased need for assistance. The Cyprus operation has already cost Ankara about \$1.2 billion at a time when the Turks have been planning to embark on a \$4.5-billion investment program.



25X1

The Soviets, undoubtedly with an eye on the controversy over US aid to Turkey, are pushing for early conclusion of new agreements with Ankara. Even so, they have already moved to curb Turkish expectations.

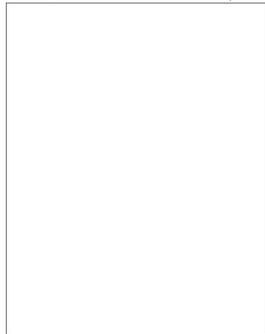


25X1  
25X1

Since 1967, Moscow has given Ankara long-term aid amounting to a half billion dollars--all for industrial projects in Turkey. The new economic agreements likely to be concluded will probably not bring a major increase in Soviet influence in Turkey, where the Soviets continue to be regarded with deep-seated suspicion.

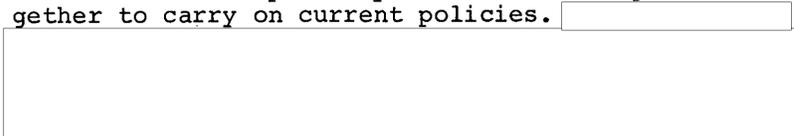
FOR THE PRESIDENT ONLY

NOTES



China: Politburo member Teng Hsiao-ping reportedly has been designated to succeed Chou En-lai as premier. Teng now has charge of day-to-day administrative matters, including foreign policy, but Chou remains the country's number two leader. A National People's Congress, which may be held by the end of the year, is to confirm Teng's status. Teng and Li Hsien-nien, both vice premiers, have been sharing Chou's protocol and administrative duties for several months. The two "moderates" will probably continue working well together to carry on current policies.

25X1



25X1  
25X1

UK: Prime Minister Wilson's new Labor government is expected to begin consultations with the US on the UK's defense review within four to six weeks. No decisions are likely on any projected defense cutbacks before December or early 1975, when the British cabinet plans to inform NATO of the review outcome. According to a British defense spokesman, the agenda for the consultations will include a listing of possible defense cuts, prefaced by a detailed exposition of British reasoning and analysis. London has promised to weigh the US reaction before any final decisions are reached. Nonetheless, some reductions in Britain's NATO-committed forces are inevitable.

Australia: Prime Minister Whitlam has threatened new elections because the Liberal-Country opposition coalition has blocked ten major pieces of government legislation since the general elections last May and threatens to delay an upcoming appropriations bill. Similar opposition tactics last April moved Whitlam to dissolve parliament and call elections. The opposition, while heartened that Labor has declined in popularity since the elections in May, is not anxious to be saddled with trying to find a solution to Australia's economic ills and may stop short of prodding the Prime Minister into new elections.

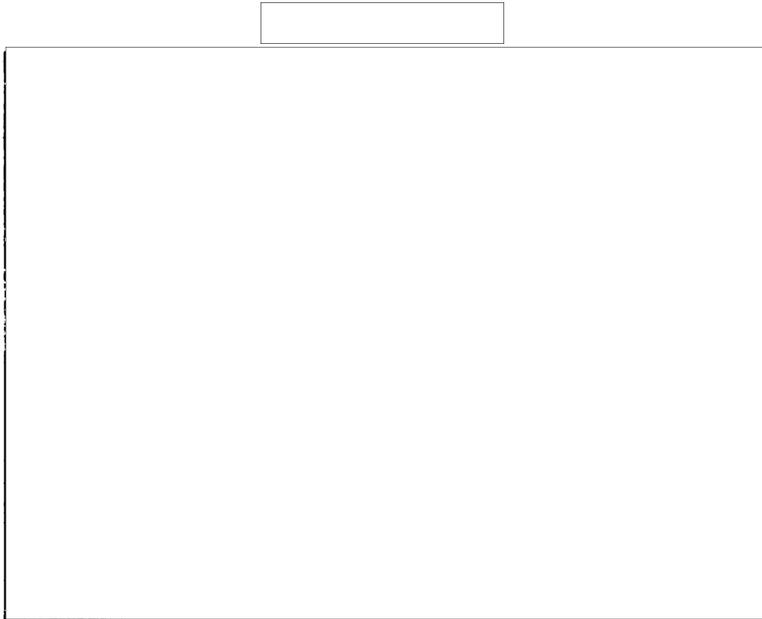
FOR THE PRESIDENT ONLY

*FOR THE PRESIDENT ONLY*

Iraq: Military action in northeastern Iraq this past week has been limited to bombing and shelling of Kurdish positions, but Baghdad is gathering troops for an assault. The Iraqis probably are heeding their Soviet advisers and making thorough preparations before following up last week's seizure of a mountain overlooking a Kurdish supply route. In spite of Iraqi losses running as high as 30 percent in recent fighting, Baghdad apparently plans to continue attacks on the Kurds until winter halts effective military operations a few weeks from now.

*FOR THE PRESIDENT ONLY*

25X1



25X1



25X1



25X1  
25X1



25X1



25X1



25X1



25X1  
25X1



25X1  
25X1



25X1  
25X1

(continued)

A1

A  
Z  
Z  
F  
X

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

[Redacted]

25X1

[Redacted]

25X1  
25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1  
25X1

[Redacted]

25X1

[Redacted]

25X1  
25X1

[Redacted]

25X1

[Redacted]

25X1  
25X1

(continued)

A2

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

25X1

[Redacted]

[Redacted]

25X1

[Redacted]

25X1  
25X1

[Redacted]

(continued)

A3

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

[Redacted]

25X1

(continued)

A4

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

25X1



25X1



25X1



25X1



25X1



25X1

*Top Secret*