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FM THE SITUATION ROOM //TOMAX 02//

TO GOMPERT/RODMAN FOR THE SECRETARY/SCONCROFT

T O P S E C R E T SENSITIVE CONTAINS CODENORD WH50998

TOMAX 02

TOP SECRET-SENSITIVE
CONTAINS CODENORD

MAY 30, 1975

ON-FILE NSC RELEASE INSTRUCTIONS
APPLY

MEMORANDUM FOR SECRETARY KISSINGER
FROM: THE SITUATION ROOM
SUBJECT: INFORMATION ITEMS

NORWEGIAN AIRCRAFT REPLACEMENT: A SOLID MAJORITY OF THE DEFENSE COMMITTEE OF THE NORWEGIAN PARLIAMENT RECOMMENDED TODAY THAT NORWAY PARTICIPATE IN A FOUR-NATION CONSORTIUM AND ACQUIRE 72 F-16 AIRCRAFT. THE FINAL VOTE IN PARLIAMENT WILL TAKE PLACE JUNE 8, WHEN RESOUNDING ENDORSEMENT OF TODAY'S ACTION BY THE DEFENSE COMMITTEE IS EXPECTED.

IN A RELATED DEVELOPMENT, DEFENSE MINISTER FOSTERVOLL SIGNED THE MEMO OF UNDERSTANDING AND THE PRELIMINARY CONTRACT BETWEEN THE U.S. AND NORWAY TODAY IN THE PRESENCE OF THE AMBASSADOR. FOSTERVOLL INDICATED THAT DUTCH DEFENSE MINISTER VREDELING WAS SIGNING THE SAME DOCUMENT SIMULTANEOUSLY AND THAT THE DANISH MINISTER WOULD SIGN BY THIS EVENING.

KUWAIT INVESTMENT COMPANY ARRANGES NOTE ISSUE FOR HUNGARIAN BANK: THE KUWAIT INVESTMENT COMPANY IS CURRENTLY ARRANGING AN EIGHT YEAR, \$60 MILLION NOTE ISSUE FOR THE NATIONAL BANK OF HUNGARY WITH INTEREST RATE AND ISSUE PRICE EXPECTED TO BE BASED ON MARKET CONDITIONS AT THE TIME OF SIGNING. PREVIOUSLY, IN LATE DECEMBER 1974, THE KUWAIT INTERNATIONAL INVESTMENT COMPANY PROVIDED A \$40 MILLION LOAN TO THIS SAME HUNGARIAN BANK. SINCE LATE FEBRUARY, THE KUWAIT INVESTMENT COMPANY HAS ARRANGED FOR LOANS OF \$40 AND \$60 MILLION FOR THE ROMANIAN BANK FOR FOREIGN TRADE AND HAS ALSO PARTICIPATED

***** WHSR COMMENT *****

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DOS Review Completed

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IN A LOAN TO YUGOSLAVIA.

THE WASHINGTON-STAR NEWS

HENRY S. BRADSHAW REPORTS THAT FOR A WHILE THERE, THE COMMUNIST EQUIVALENT OF AMERICAN KREMLINOLOGISTS AND PEKINGOLOGISTS WHO FIND HIDDEN MEANINGS BETWEEN THE LINES OF HIDDEN PRONOUNCEMENTS MUST HAVE THOUGHT THE UNITED STATES HAD CHANGED ITS POLICY ON TAIWAN. THERE IT WAS IN BLACK AND WHITE. THE CHINESE NATIONALISTS HAD BEEN DENOTED BY THEIR AMERICAN ALLIES FROM AN INTERNATIONAL STATUS TO BEING MERELY AN INTERNAL MATTER FOR THE COMMUNISTS RUNNING THE PRC. THE ANALYTICAL EVIDENCE WAS PRINTED IN ONE OF THE BIBLES OF ANALYSTS PUBLISHED BY THE U.S. GOVERNMENT, FBIS.

VERNON A. GUIDRY JR. REPORTS THAT STATE DEPARTMENT EFFORTS TO SECURE RETURN OF THE REMAINS OF TWO MARINES KILLED BY ARTILLERY FIRE IN GARDON LAST MONTH HAVE BEEN UNSUCCESSFUL AND ARE APPARENTLY STALLED, ACCORDING TO GOVERNMENT SOURCES.

ONE OF THE PRESIDENT'S COMMENTS IN LUXEMBURG YESTERDAY REFLECTED WHAT HAS EMERGED AS A MAJOR PROBLEM FACING FORD ON HIS EUROPEAN TRIP. THE PROBLEM IS FORD'S RELATIONSHIP WITH A CONGRESS THAT IS SKEPTICAL OF HIS ADMINISTRATION'S FOREIGN POLICY AND DETERMINED TO FORGE A ROLE FOR ITSELF IN FOREIGN AFFAIRS.

A STAR EDITORIAL SAYS IF THE STRUGGLE FOR DEMOCRACY IN PORTUGAL IS FINALLY DEFEATED, IT WILL NOT BE FOR THE LACK OF AN ADMIRABLE BID BY MARIO SOARES AND HIS SOCIALIST PARTY TO KEEP THE CHANCE FOR FREEDOM ALIVE. THE EARLY RESULTS OF THE EFFORT HAVE BEEN DISCOURAGING. GROWING IMPATIENCE WITHIN THE RULING ARM TOWARD THE SOCIALISTS AND TOWARD NORMAL POLITICAL ASPIRATIONS. SOARES, THE LEADING CANDIDATE TO BE PRIME MINISTER WHEN AND IF PORTUGAL IS ALLOWED TO GO DEMOCRATIC, CLEARLY TOOK A CALCULATED RISK BY DRAWING THE LINE AGAINST COMMUNIST THUGGERY. HE HAS THE GOOD WISHES OF ALL WHO BELIEVE IN FREEDOM AND THE DIVERSITY OF POLITICAL EXPRESSION, AND WHO STILL HOPE PORTUGAL WILL JOIN THE MAINSTREAM OF WESTERN EUROPEAN DEMOCRACY.

CHARLES BARTLETT SAYS THAT BETWEEN PRESIDENT FORD'S ACTIONS AND THE SHAH OF IRAN'S ASPIRATIONS, THE PRICE OF OIL HAS EXCELLENT PROSPECTS OF CLIMBING \$4 A BARREL BEFORE THE END OF SEPTEMBER. THIS PORTENDS A RISE OF MORE THAN 10 PERCENT OVER LAST JANUARY'S RETAIL PRICE OF GASOLINE. IF THERE WERE NO GREATER CONSEQUENCES, THE PROSPECT MIGHT BE TOLERABLE, BUT WHILE THE RECEIPTS FROM THE PRESIDENT'S \$2 FEE WILL STAY HOME AND NOURISH THE ECONOMY, THE SHAH'S SHARE OF THE INCREASE

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WILL JOIN THE SHELLING EXODUS OF DOLLARS THAT DIMINISHES THE AMERICAN STANDARD OF LIVING. THIS IS WHY THE PRESIDENT'S NEW DOMESTIC INITIATIVE SEEMS MORE PERTINENT THAN YOUR NEW FOREIGN INITIATIVE. BY APPEALING FOR COOPERATION AMONG THE CONSUMING NATIONS, YOU GIVE THE PRODUCERS A CHANCE TO GAIN LEVERAGE FROM THEIR FRUSTRATIONS. IF YOU WERE TO ARGUE AND REITERATE THE CONSUMERS' CASE IN WORLD FORUMS, YOU WOULD PUT THE PRODUCERS ON THE DEFENSIVE. YOU MIGHT ALSO STIR THE CONSUMERS INTO DOING MORE ABOUT THEIR BAD STATE.

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