

TOP SECRET

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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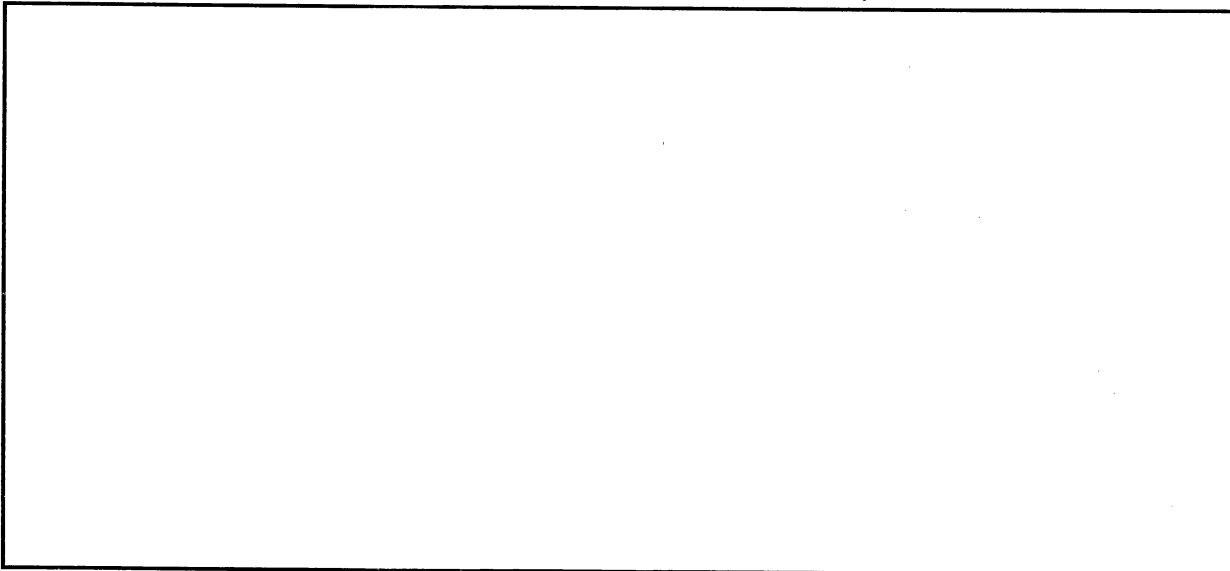
February 3, 1978

MEMORANDUM FOR DR. BRZEZINSKI

FROM: The Situation Room

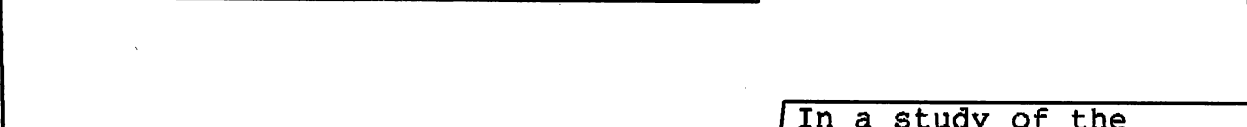
SUBJECT: Additional Information Items

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Mexican Natural Gas Sales to the U.S.:



In a study of the sale price of natural gas to the U.S., presidential advisers pointed out that Mexico in the past has considered only three options on the supply of natural gas: burning it, exporting it to the U.S. on U.S. terms, or exporting it liquified to world markets. They contended that Mexico should consider the possibility of increasing domestic consumption of natural gas by substituting it for other hydrocarbon fuels. In this way, Mexico will be justified in demanding a much higher price for its gas and will be able to develop energy resources more rationally and efficiently. The study recommends that priority attention be given to establishing a national energy policy.

State Department review completed

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Brazilian Presidential Candidate Hopes for Presidential Visit:

[redacted] National Renewal Alliance (ARENA) Senator Magalhaes Pinto realizes he has no chance of defeating President Geisel's hand-picked successor, General Figueiredo, for the party's nomination. He hopes, however, to attract the 20 percent of the votes cast at the convention this spring that will entitle him to have his name on the ballot that will be submitted to the electoral college in November. He believes the President's trip to Brazil, assuming it precedes the nominating convention, will enhance his image as "the determined, popular candidate striving to return Brazil to civilian democratic rule." [redacted]

[redacted] a visit around the time of the convention would also cause hard-liners in the military to conclude, "however irrationally," that the President purposely chose to visit Brazil at that time as a form of tacit support for Magalhaes Pinto.

[redacted] Spanish Policy Toward Eastern Europe: Spanish ambassadors to East European countries in December reportedly decided that the most important aspect of Spain's relations with Eastern Europe is the pressure being exerted by these countries against Spain's entry into NATO. [redacted]

[redacted] the officials decided that Spain should not view Eastern Europe as a possible alternative to joining Western organizations, but as a complement to the West, subject to certain limitations. The ambassadors concluded that:

--Relations with Eastern Europe should be motivated primarily by Spain's national interests.

--Commerce should be increased, even though Madrid faces heavy competition from other Western nations;

--The emphasis in cultural relations should be on the quality and not the quantity of exhibitions, exchange students, and media programs.

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