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THE WHITE HOUSE  
WASHINGTON

April 27, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: BRENT SCOWCROFT  
FROM: JIM CONNOR *JEC*  
SUBJECT: Presidential Determination for  
an Increase in the PL 480 Program  
for Portugal

The President reviewed your memorandum of April 26 on the above subject and signed the attached determination.

The following notation was made by the President:

"Why cotton?"

Please follow-up with appropriate action.

cc: Dick Cheney

Why cotton?

MEMORANDUM

## THE WHITE HOUSE

WASHINGTON

LIMITED OFFICIAL USEACTION

April 26, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT *W.A. for*

SUBJECT: Presidential Determination for an Increase in the  
PL 480 Program for Portugal

The Department of State (Tab C) recommends that you sign the determination (Tab A) to add up to \$5.0 million of agricultural commodities under Title I to the 1976 P.L. 480 program for Portugal.

Although the commodity composition of this additional assistance is not yet certain, I expect it will be used to finance the concessional sale of 16,000 bales of cotton.

After months of turmoil, Portugal is now governed by politically moderate elements. The greatest danger now facing Portugal is that serious economic difficulties -- high unemployment, a large refugee relief burden, balance of payments problems -- will rekindle political unrest. This modest increase in Title I concessional sales will assist in alleviating Portugal's liquidity crisis and will constitute further evidence of our willingness to be of assistance.

In order to amend our earlier P.L. 480 agreement to make the new sales, the law requires you to find that it is in the national interest to make the new sales agreements with a country which trades with Cuba (P.L. 480, Section 103(d)(3)). Portuguese nationalized firms exported to Cuba in 1975, and it is likely they will do so again this year. Therefore, in order to provide this additional assistance a Presidential finding and a determination is required under P.L. 480.

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On February 3 you signed a national interest determination for 50,000 metric tons of rice (\$15 million) for Portugal. An agreement for this amount was signed on March 18.

There was no adverse Congressional reaction to the March 18 Title I agreement.

Amendments to the Foreign Assistance Act calling on the Administration "to take timely action" to alleviate Portugal's food needs passed both houses of Congress without opposition. On February 27, Senator Pell submitted a report to the Foreign Relations Committee based on his recent visit to Portugal and Spain urging that the United States play a supportive role in Portugal's consolidation of democracy by providing economic assistance.

RECOMMENDATION

That you sign the attached determination (Tab A) that it is in the national interest to add \$5.0 million of agricultural commodities under Title I to the 1976 P.L. 480 program for Portugal. OMB concurs (Tab D). A statement of reasons for the determination (Tab B) will accompany the determination to the Hill.

Max Friedersdorf and Jack Marsh concur.

THE WHITE HOUSE

WASHINGTON

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Attachment

May 8, 1976

MEMORANDUM FOR: JAMES CONNOR  
FROM: BRENT SCOWCROFT   
SUBJECT: Response to the President's Question  
on PL-480 Cotton for Portugal

The attached memorandum answers the President's "why cotton" question in your memorandum of April 27, 1976.

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Attachment

MEMORANDUM. THE PRESIDENT HAS SEEN....

THE WHITE HOUSE  
WASHINGTON

LIMITED OFFICIAL USE

May 8, 1976

MEMORANDUM FOR: THE PRESIDENT  
 FROM: BRENT SCOWCROFT   
 SUBJECT: Choice of Cotton as Commodity for  
 Additional PL-480 Sales to Portugal

In response to your question on PL-480 sales of cotton (Tab A), all of our assistance to Portugal, including PL-480, is essentially balance of payments support.

Under the PL-480 program for 1976, Portugal has already agreed to purchase 50,000 metric tons of rice (March 18) which is as much rice as can be used this year. It would not be possible to provide wheat under PL-480, since Portugal's usual marketing requirements are not high enough to assure that such sales would not undercut commercial sales. Feedgrains for non-human consumption would not be eligible for Title I sales.

Of the remaining commodities, i.e., cotton, vegetable oil, and tobacco, Portugal requested only cotton. This request was included in discussions between Secretary Kissinger and Portuguese Finance Minister Zenha during which it was agreed to raise the total level of U.S. assistance to Portugal from \$200 to \$240 million with \$5 million of the increase to be under PL-480.

The provision of cotton under PL-480 will help Portugal's balance of payments problems, but as a non-food item is exempt from the restriction which requires the provision of 75% of PL-480 food to the poorest LDC's.

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