

The President's Daily Brief

1 May 1973

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THE PRESIDENT'S DAILY BRIEF

1 May 1973

PRINCIPAL DEVELOPMENTS

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Algeria [redacted]

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[redacted]
The Soviets are continuing to improve their SS-11 ICBM force. (Page 2)

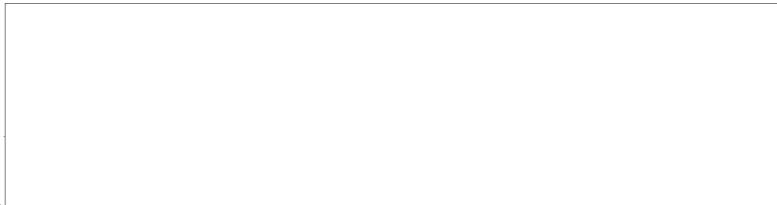
According to some reports, the Communists in South Vietnam plan to intensify their attacks within the next several weeks, although evidence of normal preparatory moves is lacking. (Page 3)

In Argentina, the assassination of a major military figure yesterday has added to tensions between the military and president-elect Campora. (Page 4)

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ALGERIA-LIBYA



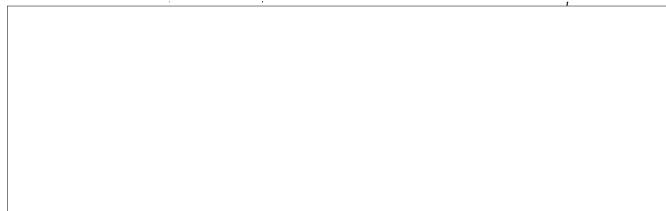
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USSR

The Soviets are continuing to modernize their SS-11 ICBM force. [redacted] shows construction activity at 30 launch sites in three complexes in the eastern USSR, and other sites could be involved. In recent months 36 of the missiles--an unprecedented number--have been launched from these complexes, apparently in order to empty the silos for construction work.

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The sites probably are being hardened or modified to prepare them for the newest, triple-warhead version of the SS-11, the Mod 3. Flight-testing of the Mod 3 appears to be complete, and it probably is now being fitted into some of the new small silos at Derazhnya and Pervomaysk.

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SOUTH VIETNAM

[redacted] the Communists plan in May to intensify the nibbling attacks they have been conducting since the cease-fire. [redacted]
[redacted] the Communists hope to gain control over more territory and people, as well as consolidate their position in some of the more intensely contested areas such as northern Binh Dinh Province. Some [redacted] reports suggest the attacks may be pegged to the period before May 20, which includes three important holidays.

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Communications intelligence, one of the best indicators of enemy military intent, does not suggest that the Communists are preparing for heavy or sustained military action, or that substantial involvement by main force elements is likely. Some Communist forces in both North and South Vietnam and in southern Laos have been on alert since April 20, but this appears to be a response to anticipated South Vietnamese operations and to the recent US bombing in Laos.

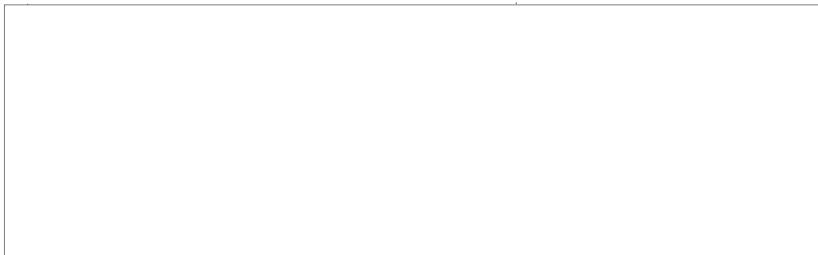
No significant moves by Communist combat units of the sort that usually precede major Communist attacks have been detected in the past few weeks. Some main force units have even pulled back from major battlefields in the far north and in the northern delta.

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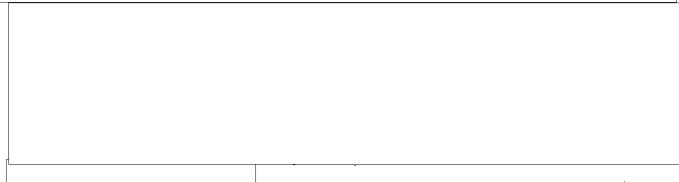
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ARGENTINA

The terrorist assassination yesterday of the recently retired chief of the joint general staff, Admiral Quijada, has heightened tensions between the military and president-elect Campora. This was the second assassination of a major military figure since the elections in March. Two other officers and several businessmen have been kidnaped.



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The armed services now seem in a mood to demand further concessions from the Peronists. [redacted] the navy-- the most anti-Peronist of the three services and the victim of yesterday's attack-- now has called on the army and air force to join in aborting the electoral process.

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NOTE

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Saudi Arabia - Yemen (Sana) :

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The President's Daily Brief

2 May 1973

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

TOP SECRET

May 2, 1973

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TOP SECRET

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

2 May 1973

PRINCIPAL DEVELOPMENTS

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Egyptian officials continue to stress the need for military action against Israel in order to force intervention by the great powers and the imposition of a settlement acceptable to Arab governments.

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(Page 1) On Page 3

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Egypt

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Recent authoritative Chinese statements on Indochina hint that Peking may be urging the Indochinese Communists to show a greater effort at compliance with the cease-fire agreements. (Page 4)

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France

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(Page 6)

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EGYPT

Ever since President Sadat announced in late March that the time had come for "all-out confrontation" with Israel, Egyptian officials have been stressing the inevitability of a fresh outbreak of fighting.

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[redacted] They say Egypt's objective is not a military victory, but to force the intervention of the great powers to impose a settlement that Arab governments could then live with.

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In his May Day speech yesterday, Sadat did not speak so shrilly of war as on some past occasions, but did describe the present cease-fire as working to Israel's advantage. Sadat reiterated that Egypt would move to end the "present inactivity," but added that diplomatic efforts would continue.

Sadat's tough talk has been accompanied by military moves that could be signs of an end to the cease-fire. Libya, Saudi Arabia, and Iraq have sent [redacted] jet fighters to Egypt.

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Several factors have caused Sadat to become more militant. The diplomatic "offensive" he initiated early this year achieved nothing, serving only to underscore the bleak outlook for a political settlement. Reports of promises of new US military aid for Israel eroded Egyptian hopes that the US would pressure Israel to break the impasse in negotiations. Fedayeen terrorism, the Israeli shootdown of a Libyan airliner, and Israel's raid on Beirut have made the Egyptian outlook even gloomier.

(continued)

FOR THE PRESIDENT ONLY

At this stage, Sadat appears to be working to give credibility to his threats. The coming discussion in the UN of the Middle East could provide him an excuse to delay exercising a military option. Later, he could manufacture other excuses. It is nonetheless possible that Sadat may be convinced that in the end only military action will generate movement toward a settlement, and Egypt's recent moves could well be preparations for such a contingency.

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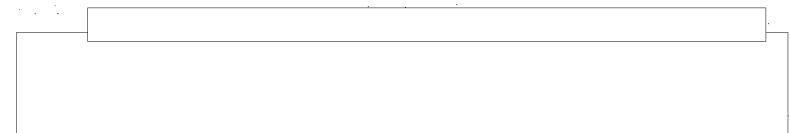
EGYPT - SAUDI ARABIA



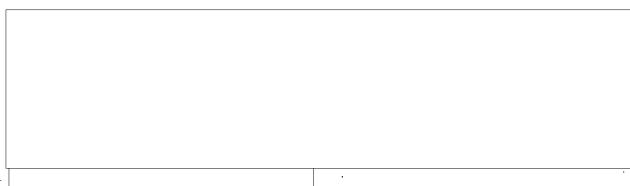
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CHINA-INDOCHINA

Recent authoritative Chinese statements on Indochina hint that Peking may be urging the Indochinese Communists to show a greater effort at compliance with the cease-fire agreements. The Chinese pronouncements follow visits to Peking by ranking Vietnamese, Lao, and Cambodian officials and what seems to have been a major review of Chinese policy on Indochina.

A People's Daily editorial on April 25, for example, and a message to the 1970 Indochina Summit participants signed by Chou En-lai referred to the Vietnam and Lao agreements as having "created conditions" for the Lao and Cambodian people "to settle themselves their internal affairs free from foreign interference."

The Chinese may have privately advised Hanoi and the Lao Communists that there is much to be gained by moving ahead on the formation of a new Lao government. The return last week of a high-ranking Lao Communist negotiator to Vientiane may reflect this. The Chinese may have suggested too that although renewed military pressure might gain some new territory, it would also raise the threat of US retaliation.

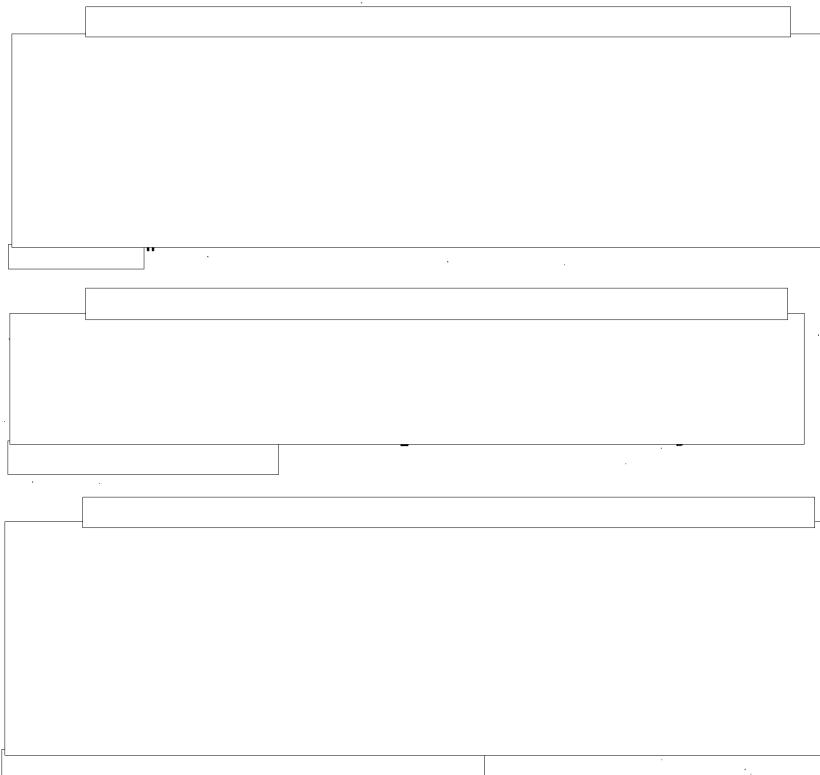
With respect to Cambodia, the People's Daily did not mention the hard settlement terms being pushed by the Khmer Communists, and it softened China's own demands. Instead of insisting, as Chinese spokesmen have in the past, on an end of all US "interference" in Cambodian affairs, the People's Daily demanded "that the US Government stop all bombing and all its military interference in Cambodia.

Peking could believe that this less comprehensive demand would be more attractive to Washington and Phnom Penh.

Peking may be advocating a more flexible position because it fears that recent military and political developments threaten the prospects for defusing Indochina as an issue in major power politics.

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SOUTH VIETNAM



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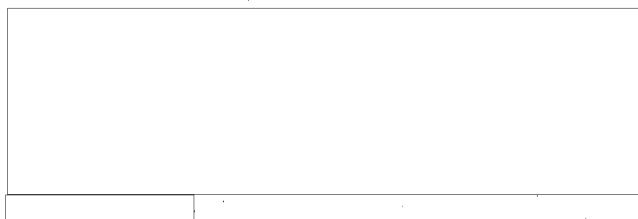
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FRANCE



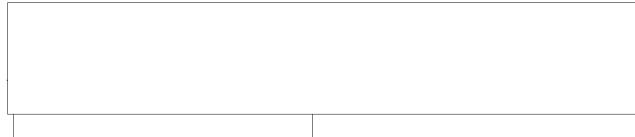
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NOTE

USSR-China: May Day passed quietly in the two major Communist capitals. In Moscow, Brezhnev's speech emphasized economic progress and the Soviet contribution to peace. Brezhnev sought to leave his listeners with the impression that the Soviet leadership views the future--domestically and internationally--with confidence. In Peking, for the second consecutive year, the festivities were low-keyed. Peking avoided making any major policy statements by forgoing the traditional speeches, slogans, and joint editorial.

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3 May 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

3 May 1973

PRINCIPAL DEVELOPMENTS

Heavy fighting has resumed in Lebanon this morning.
(Page 1)

The Soviets are again trying to convince the Japanese to compromise on the Northern Territories issue. *(Page 2)*

Fidel Castro is urging Latin Americans to unite against the US. *(Page 3)*

The weakness of the Greek Government is becoming more and more apparent. *(Page 4)*

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(Page 7)

FOR THE PRESIDENT ONLY

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LEBANON-FEDAYEEN

The cease-fire arranged between Yasir Arafat and President Franjiyah after heavy fighting between the army and the fedayeen in Beirut yesterday has broken down. Serious fighting was resumed this morning, and is reported to have spread south to Sidon.

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The Lebanese Defense Ministry claimed the fighting started yesterday after the fedayeen rocketed army positions in the southern suburbs of the capital while negotiations were under way for the release of two Lebanese soldiers seized by the guerrillas Tuesday. Lebanese forces, supported by tanks and armored vehicles, then surrounded all Palestinian refugee camps in Beirut and returned the fire.

The Lebanese lost 12 killed and 40 wounded. Guerrilla losses are presumed to be much heavier.

The clashes are the most serious since those of 1969 that left Lebanon without a government for months. The subsequent release of the kidnaped soldiers helped to calm the situation somewhat, but independent action by some fedayeen could trigger further fighting. For example, during yesterday's fighting, terrorists fired rockets at the US Ambassador's residence, but missed.

Increased fedayeen activity in Beirut and along the southern border with Israel since the Israeli raid on April 10 have severely strained Lebanon's relations with the Palestinians. During the past week three guerrillas were arrested at the Beirut airport as they tried to smuggle explosives out of the country. A number of others have been detained in connection with an apparent attempt to attack the US Embassy.

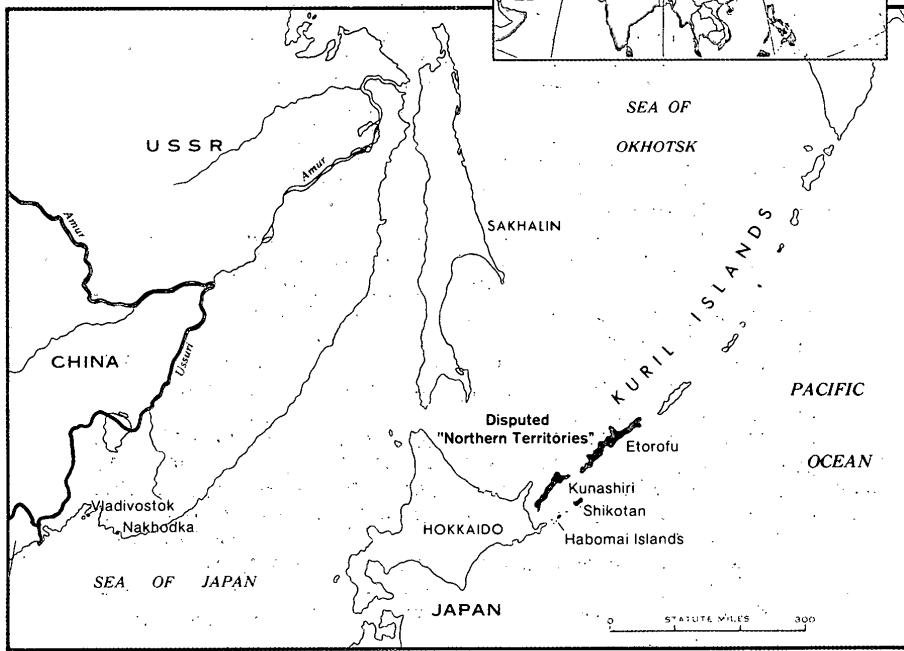
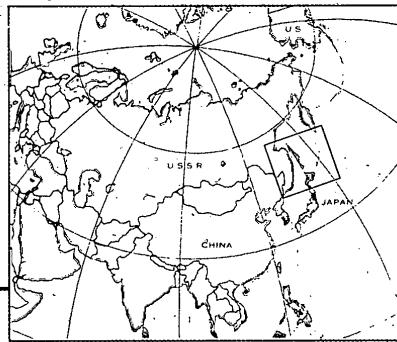
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The kidnaping of the two soldiers was intended to force the release of these fedayeen.

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"Northern Territories"



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USSR-JAPAN

The Soviets are again making discreet attempts to get Japan to think seriously about compromising on the Northern Territories problem.

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Unofficial statements have been made [redacted] recently that the USSR is willing to return two of the islands (Habomai and Shikotan) claimed by Japan when a peace treaty is signed and that there would be "joint use" of the other two major islands.

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The USSR made such informal soundings last year, but concluded that the Japanese were trying to capitalize on their improved relations with China in order to force the Soviet Union to return all the islands immediately. To discourage this tactic, the Soviets gave the Japanese territorial demands short shrift.

The USSR maintained this tougher stand until early March, when an exchange of letters between Tanaka and Brezhnev brought some improvement in the atmosphere. Tanaka helped break the ice by promising conditionally that Japan would back the \$1-billion Tyumen oil project without requiring prior solution of territorial problems.

After the Tanaka-Brezhnev exchange, Soviet media abruptly stopped mentioning the Northern Territories as the major stumbling block to improvement in Soviet-Japanese political ties. The Soviets have focused instead on prospects for economic cooperation, and have made no secret of their hope that a common interest in better relations across the board will help settle the territorial issue. In floating possible compromise solutions, the Soviets have their eye on Tanaka's visit to the USSR late this summer when the Northern Territories question is certain to arise.

FOR THE PRESIDENT ONLY

CUBA

Fidel Castro's May Day speech was an attempt to place Cuba in the forefront of a Latin America united against the US.

Castro recited the standard litany of Latin American complaints against the US, specifically identifying himself with Latin American positions on sovereignty over natural resources, US trade barriers, and the planned sale of US mineral stockpiles. He indicated his willingness to cooperate with those countries that demonstrate their independence of the US, and implied his definition of such independence is increasingly flexible. Castro said again that Cuba wants nothing to do with the OAS so long as the US is a member.

Castro described the economic blockade as a bar to the opening of a dialogue with the US. He specifically rejected any secret talks. This frigid tone probably reflects Castro's concern about the implications for Cuba of Brezhnev's expected visit to the US. He may press Brezhnev to visit Cuba, either before or after the Washington trip, in order to seek assurances that Cuban interests will not be compromised.

FOR THE PRESIDENT ONLY

GREECE

The government of Prime Minister Papadopoulos has recently been sharply attacked by former prime minister Karamanlis, joined by a number of old guard politicians anxious to be counted with him.

Of itself, the attack is not a serious blow to the government; it nonetheless indicates that Papadopoulos' position is weakening. The ruling military junta has never lived up to the promises of its "revolution" six years ago. It has failed in its efforts to:

- make the government efficient and responsive,
- work out a political system that would permit popular participation in government, and
- formally resolve the status of the monarchy and institute a stable new system of government.

Politically conscious Greeks sense that the Papadopoulos administration is losing steam, and as it enters its seventh year, symptoms of political malaise are plentiful:

- Disobedient students continue their opposition to the government even after their revolt was suppressed and civil libertarians who defended them were jailed.
- Troubles on Cyprus between General Grivas and President Makarios threaten to get out of hand at a time when stability on Cyprus and a peaceful relationship with Turkey are top priority to Athens. The Turks are now worried that Grivas' violence may engulf the Turkish minority. They have asked Athens to curb the General. But the Papadopoulos government cannot control him.

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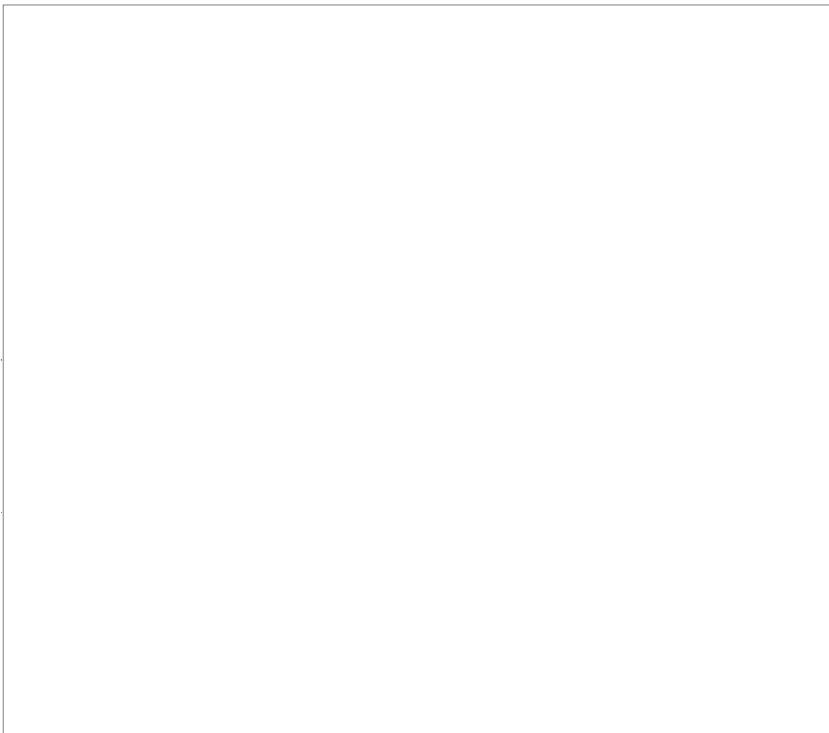
--Military officers disgusted with the ineffectiveness of the government have stepped up their plotting against Papadopoulos in the past year. Only their lack of unity and Papadopoulos' vigilance has kept a military coup from succeeding.

Papadopoulos is aware of the symptoms and the basic issues they represent, but he does not appear to have workable ideas about how to tackle them. Behind the scenes, for example, he has ordered the formation of a new "cultural organization" known as EPOK, a group he hopes will provide Greece's future political leaders. This move has already run into trouble. Some military men, for instance, oppose the inclusion of socialists and center-leftists among EPOK's membership, and excluded old guard politicians are obstructing the group's formation because they see it undercutting any chance of returning to power.

Papadopoulos is vulnerable, but at present is not weak enough to be thrown out of office by anyone but a concerted group of military officers. Such a group has yet to materialize. The outlook for Greece, therefore, is more of the same political uncertainty and popular dissatisfaction.

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NOTES

Cambodia: [redacted]

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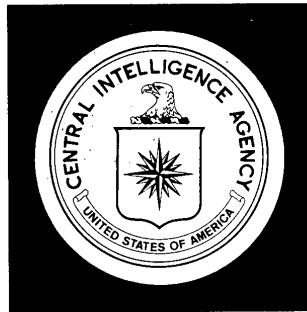
[redacted]
25X1

An intercepted Khmer Communist message of April 27 reveals that a large supply of B-40 rockets, rocket launchers, and some small-arms ammunition is being transported to Communist units in the Phnom Penh area.

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[redacted]

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The President's Daily Brief

4 May 1973

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THE PRESIDENT'S DAILY BRIEF

4 May 1973

PRINCIPAL DEVELOPMENTS

Early this morning Lebanese Government and fedayeen leaders concluded a second cease-fire in the two-day-old battle, but the durability of the truce is in doubt. (Page 1)

On Page 3
Middle East

Egypt

25X1

25X1

Western Europe will have trouble agreeing on a common response to the US call for a new Atlantic Charter. (Page 5)

In their initial negotiating sessions Pathet Lao and government representatives have made no headway toward implementing the Lao peace agreement. (Page 6)

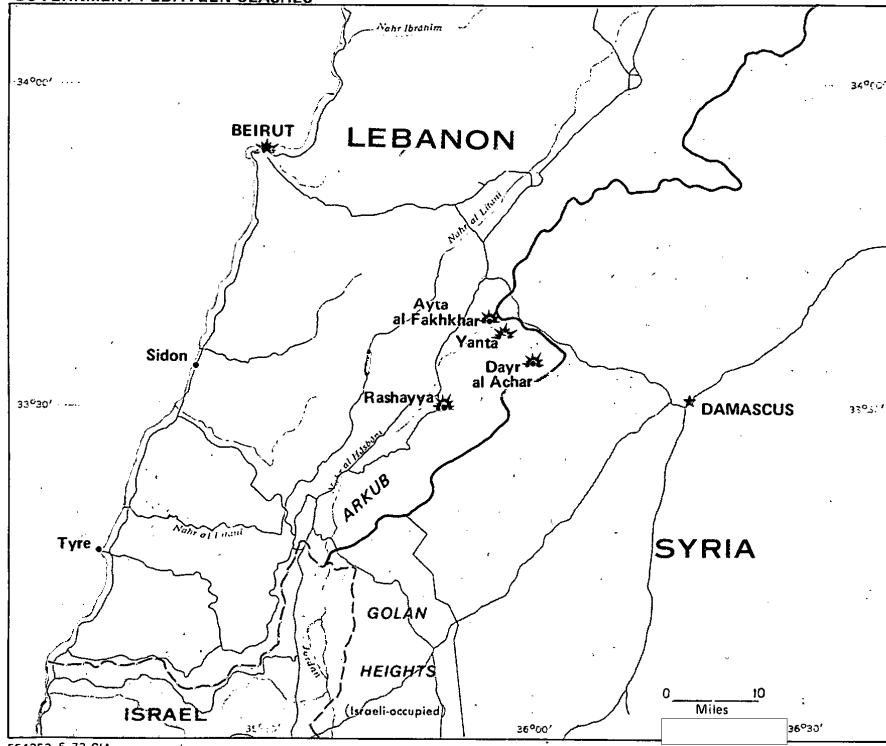
Non-Communist interest in providing reconstruction aid to North Vietnam has all but disappeared. (Page 7)

In Chile, the Allende government's problems are mounting on several fronts. (Page 8)

The EC decision on farm price supports for the coming year will improve the prospects for US grain exports. (Page 9)

FOR THE PRESIDENT ONLY

GOVERNMENT FEDAYEEN CLASHES



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FOR THE PRESIDENT ONLY

LEBANON

Early this morning government and fedayeen leaders concluded a second cease-fire in the two-day-old battle between their military forces.

Fighting in Beirut had intensified yesterday following the break-down of the first cease-fire, and late in the day Lebanese aircraft were called into action over refugee camps near the city. Lebanese Army units also for the first time engaged Palestinian elements in several areas of the Arkub region in southeastern Lebanon. The government claims a 1,000-man fedayeen force moved into the area from Syria.

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The possibility of direct Syrian involvement, along with the reported introduction of additional fedayeen forces from Syria, prompted a Lebanese call for US assistance.

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Syrian officials denied that fedayeen units had crossed the border.

The cease-fire is a shaky one. Although Fatah leader Yasir Arafat has called repeatedly for an end to the fighting, some aggressive fedayeen units may be reluctant to abide by the agreement. The killing of two fedayeen military leaders may strengthen their resolve to continue fighting. The Lebanese Army has shown a considerable zeal for the fight and it, too, may be reluctant to cease firing. Indeed, the fedayeen are claiming that Lebanese forces early today launched air and land assaults against fedayeen positions in southern Lebanon.

Should the truce again break down, other Arab states will be quick to offer their mediation.

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Other Arab mediators--the secretary-general of the Arab League and a representative of the Iraqi President--were due in Beirut today to help resolve the crisis.

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(continued)

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The Israelis have shown little reaction beyond keeping a close watch on their own border with Lebanon. They are undoubtedly pleased with the further evidence of inter-Arab dissension, and apparently expect it to continue.

The cease-fire may at least have forestalled a further Lebanese Government crisis. The newly appointed Prime Minister, Amin Hafiz, announced his intention to resign late yesterday, but apparently reconsidered as the situation eased. Hafiz' resignation would confront President Franjiyah with the additional difficult task of finding a successor, who reportedly would come from the ranks of the military.

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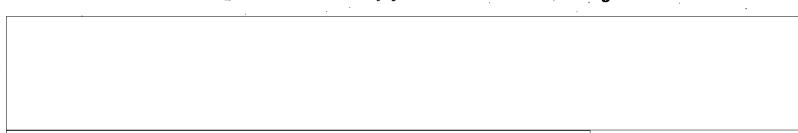
EGYPT



25X1

[redacted] frustration and bitterness [redacted]
now pervades official thinking in Cairo.

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[redacted] They see a
more difficult and dangerous period ahead and are
preparing for any future talks with the US by at-
tempting to establish a unified Arab stance against
US interests in the Middle East. In addition, Cairo
is intensifying anti-US propaganda and raising mili-
tary tensions in order to focus world attention on
the Middle East.

25X1

Events subsequent to [redacted]
the Israeli attack on Beirut, have in-
creased the bitterness. [redacted] the
measure of this deepening frustration is
the recent talk in Cairo of initiating
limited military operations against Is-
rael to force big-power intervention.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EC-US

Western Europe will have trouble coming up with a common response to the US call for a new Atlantic Charter before the President's visit. The European countries have managed to establish joint policies and effective institutions on few matters other than trade; they still lack an identity of view regarding Europe's future relationship with the US.

France in particular fears that a trans-Atlantic dialogue risks US meddling in European decision-making processes and the dilution of European unity. Paris opposes an early EC debate on the Atlantic Charter suggestion, in part because it would inhibit Pompidou in speaking freely about the question when he meets with President Nixon.

Few Europeans deny that political, military, and economic issues are interrelated. They worry, however, that the commitment to Europe's defense renewed in Dr. Kissinger's address may mask demands for concessions in economic areas. Even the Germans share British reservations about burdening negotiations in one area with problems belonging to another.

Europeans are also puzzled by:

- how the new approach will affect existing institutions that are already exploring one or another of the problems cited by Dr. Kissinger;
- how specific a new Atlantic Charter ought to be; and
- how the US proposes to bring in Japan.

FOR THE PRESIDENT ONLY

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LAOS

In their initial negotiating sessions Pathet Lao and government representatives have made no headway toward implementing the Lao peace agreement. Senior Lao Communist envoy Phoumi Vongvichit, who last week returned from lengthy consultations in Sam Neua, reportedly again presented several demands that had stalled earlier talks.

The delay in reaching agreement may be a result of North Vietnam's ideas as to the proper timing.

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In an effort to speed up the talks, Souvanna and Pheng Phongsavan have now taken personal charge of the negotiations. Talks that produced the agreement in February appeared similarly stalled until Souvanna [redacted] worked out an agreement that he presented to his cabinet as a fait accompli. The Prime Minister seems prepared once again to reach a compromise settlement with little regard to the views of the rightists in his government.

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NORTH VIETNAM

Non-Communist interest in providing reconstruction aid to North Vietnam has all but disappeared. Hanoi, in fact, has received only small amounts of aid, mostly for humanitarian purposes. The Japanese, who were among the most eager to improve economic and political ties with Hanoi, now have a much more cautious outlook. The only result from a recent Foreign Ministry mission to North Vietnam was agreement to begin working level talks on establishing diplomatic relations.

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Tokyo presumably does not want to jeopardize its stake in South Vietnam by making unnecessary political concessions to the North.

Japan, along with most of the European Community countries, is waiting until Hanoi and Washington make some decisions on aid, and the prospect for peace seems more solid. To date, Sweden, which has promised \$100 million, is the only non-Communist country committed to substantial economic aid to the North.

Hanoi apparently has much to learn about seeking aid from non-Communist countries. The North Vietnamese have tended to present potential donors with sweeping proposals, often without back-up information, and they insist on control of all aid projects.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHILE

The Allende government's problems are mounting on several fronts:

- A new wave of strikes has hit the country, including one at the huge El Teniente copper complex.
- Transportation, petroleum, and government workers are also threatening walkouts.
- The Christian Democrats are taking an increasingly stiff stance toward the government. They boycotted the officially backed trade union confederation's May Day celebrations, and probably will encourage the strikes now planned.
- Street disorders persist.

Allende and his pragmatic Communist allies believe that the escalating wage demands and falling production threaten the government.

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FOR THE PRESIDENT ONLY

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NOTES

EC: The EC Council reached agreement on farm prices for the coming year, but only after the most difficult, confused, and bitter meeting in EC experience. As a result, sentiment has increased for a thorough review of the common agricultural policy's (CAP) operation. The very modest increase in most grain support prices will not encourage greater production and, therefore, should improve prospects for US exports of grain. No action was taken on adoption of a CAP for soybeans, despite recent French demands.

Iran-Iraq: [redacted]

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[redacted] Iraq severed diplomatic ties in late 1971 in protest against Iran's occupation of three disputed islands at the mouth of the Persian Gulf, and there have been frequent border incidents since. Recent Iraqi indications of a desire to ease the tensions may have resulted from Soviet prompting.

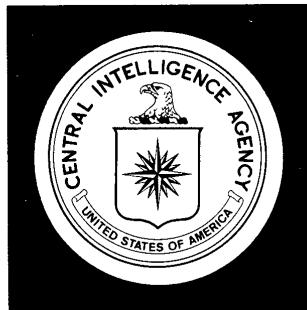
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Argentina: Peronist president-elect Campora met for the first time with the governing military junta yesterday in discussions prompted by the terrorist assassination of a retired admiral last Monday. Campora's willingness to meet with the junta, and to do so again, reflects his sensitivity to the military's increased concern over terrorism.

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5 May 1973

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THE PRESIDENT'S DAILY BRIEF

5 May 1973

PRINCIPAL DEVELOPMENTS

The latest cease-fire in Lebanon seems to be holding as negotiations begin on new arrangements for the fedayeen presence. (Page 1)

Egypt and Syria, with the help of other Arab states, are increasing their military preparedness.

[Redacted] 25X1

Arab states are considering several possible courses of action during the coming UN Security Council debate on the Middle East. These are outlined on Page 4.

With the rainy season soon to slow movement on the Ho Chi Minh trail, time is running against any Communist plan for a major offensive in South Vietnam this spring. (Page 5)

The meeting on Thursday between Argentine president-elect Campora and the ruling military junta failed to resolve any outstanding issues. (Page 6)

Urban guerrillas have kidnaped the US consul general in Guadalajara. (Page 7)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LEBANON-FEDAYEEN

The latest cease-fire appears to be holding up well as negotiations begin on new arrangements regarding the fedayeen presence in Lebanon.

The guerrillas' tough pose eased when the army showed it was determined to restore order and the expected support to the fedayeen from other Arab states did not materialize. Small numbers of Syrian-based guerrillas did cross the border, but may already have returned to Syria.

President Franjiyah plans to insist on further restrictions on the guerrillas' freedom of action. The Lebanese believe they are in a strong position and can exact concessions. The government expects that mediation efforts by the other Arabs should be generally helpful. Representatives from Egypt, Iraq, and Morocco arrived in Beirut yesterday.

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ARAB STATES [redacted]

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Egypt and Syria are increasing their military preparedness with the help of other Arab states.

The Egyptian Air Force has recalled to active duty [redacted] reserve personnel [redacted]. Such recalls have occurred in the past during periods of heightened tension. The Egyptian Air Force has been on a high state of alert [redacted] leaves were canceled [redacted].

Morocco reportedly has sent at least two more trainloads of military equipment to Algeria for shipment to Syria. Some 600 Moroccan troops may already have arrived.

[redacted]
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[redacted]
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the Sudanese Government has agreed to send 1,400 troops to Syria as a token demonstration of Sudanese solidarity with the Arab cause.

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Meetings of Arab officials over the past several months--including a recent conference of the Arab Defense League--may have set the stage for these moves. There still is no conclusive evidence, however, that the Arabs have decided on specific military operations or have reached a decision to undertake hostilities against Israel at a particular time.

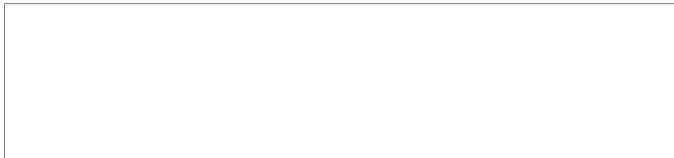
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MIDDLE EAST

During the UN Security Council's coming debate on the Middle East, the Arabs are thinking of pursuing any or all of the following courses:

- Request that Resolution 242, the basis for UN efforts to work out a Middle East settlement, be interpreted to require Israeli withdrawal from all occupied territories.
- Propose resolutions condemning the Israelis for failure to respond to the initiatives of special UN envoy Jarring, and for colonizing the occupied territories.
- Call on UN members to withhold military assistance from Israel.
- Attempt to create new UN mediatory mechanisms. This could take the form of a mandate for the secretary-general to plan a Middle East peace conference or to set up a four-member mediatory team or an ad hoc committee to replace Jarring.

Given the current composition of the Security Council, the Arabs probably could muster enough votes to pass these measures unless the US vetoes them. Although the Arabs might face some difficulty in reinterpreting the basic authorization for UN efforts on a Middle East settlement, they would have more than the necessary nine votes for condemnation of Israel or for new mediatory mechanisms.

In any case, the session will provide the Arabs with a forum to bring pressure on the US to take new initiatives and could provide them with a temporary alternative to resuming military hostilities.

FOR THE PRESIDENT ONLY

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SOUTH VIETNAM

Time is running against the Communists if they were planning to use their newly infiltrated men and materiel for a major offensive this spring. The rainy season will begin to slow movement on the Ho Chi Minh trail shortly, and vital combat support from back-country bases in many areas will be badly impeded.

The traditional indicators of preparations for a big campaign--forward deployments, stepped-up communications, intense reconnaissance--are almost totally lacking at present. In the north, the Communists have cut back their combat punch by withdrawing one full division and elements of two others. Drier weather prevails along the coast in the north for the next three months, however, and major combat would be more possible there than elsewhere.

There are reports claiming that during May the Communists will try to intensify the local nibbling attacks they have been conducting since the cease-fire. But throughout the summer and the rainy period at least, the Communists will more likely put their major military effort into the rebuilding, realignment, and consolidation of main forces, the logistic system, and the specialized sapper and artillery units.

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[redacted] the enemy [redacted]
believes himself still too weak to make major gains now in a maximum new military effort.

[redacted] the cease-fire agreement gains time for the Communists to rally and build their forces in order to defeat the government militarily or politically.

By emphasizing a rebuilding program and employing economy-of-force tactics stressing artillery harassment and small-scale raids, the Communists probably believe they can defend most of what they now control and have a much improved military option by next fall.

FOR THE PRESIDENT ONLY

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ARGENTINA

The meeting about terrorism on Thursday between president-elect Campora and the ruling military junta failed to resolve any of the issues that divide them. [redacted] little was accomplished other than a rehash of well-known basic differences.

25X1

The Peronists contend that terrorism will subside once a popular government is inaugurated on May 25. The military disagree, and they can point to statements from Trotskyists that they will continue to attack the armed forces. The army and navy--the primary targets of recent attacks--insist that they retain control of the counter-terrorism effort. Campora has said only that internal security will be the responsibility of the police, not the military.

Campora apparently still believes that, after his strong showing at the polls, the military will not risk civil war by moving to block his accession to power.

Most senior officers do believe that they are in no position to act against the Peronists at the present time. This view could change, however, if additional terrorist attacks are made on the armed forces and Campora continues to evade making commitments to the military. Hard-liners led by General Sanchez de Bustamante, the Buenos Aires corps commander, might then decide to risk a move to block Campora.

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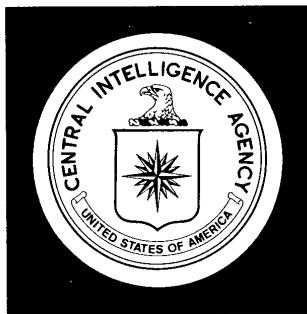
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NOTE

Mexico-US: Last night urban guerrillas kidnaped US Consul General Leonhardy in Guadalajara and demanded as ransom the release of 30 "political prisoners" held in Mexico. The Mexican police believe that the terrorist group--identified as the Revolutionary Armed Forces of the People--is associated with a guerrilla band that normally operates in the mountains near Acapulco, some 250 miles to the southeast. If the Mexican Government follows its practice in past kidnaping cases, it will meet practically any demand to gain Leonhardy's release.

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The President's Daily Brief

7 May 1973

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THE PRESIDENT'S DAILY BRIEF

7 May 1973

PRINCIPAL DEVELOPMENTS

Lebanon is quieting down and foreign mediators are now trying to get the government and the fedayeen to the negotiating table. (Page 1)

25X1

West German and Soviet officials are setting the stage for Brezhnev's visit to Bonn next month. (Page 2)

[Redacted]

25X1

Mexican terrorists are now asking for a cash ransom for the return of US Consul General Leonhardy. (Page 4)

The latest Mekong River convoy has arrived in Phnom Penh after losing one ship. (Page 4)

FOR THE PRESIDENT ONLY

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LEBANON

It took a third cease-fire agreement, but Lebanon is gradually quieting down, with only isolated incidents reported yesterday outside of Beirut. A steady stream of mediators from other Arab states have been arriving in the capital to help work out a new modus vivendi between the government and the fedayeen.

The negotiations are likely to take some time. The government has no intention of trying to expel the fedayeen, as King Husayn of Jordan did, and it is reluctant to exert the force that would be necessary to bring the guerrillas under full control. It is unwilling, nevertheless, to allow armed fedayeen the run of its cities. Presumably, government negotiators will try to force the fedayeen to accept tighter restrictions on their activities.

Government leaders may have difficulty maintaining a tough negotiating position. They will probably be under pressure from other Arab states to ease their policy toward the Palestinians.

The fedayeen appear divided about what to do next. Fatah leader Yasir Arafat apparently wants to avoid a confrontation with the government. He probably fears that under such conditions, his control over the fedayeen movement might be weakened. Arafat also appears to hope that a forthcoming attitude on his part might induce the Lebanese to press for fewer restrictions on the fedayeen.

Others in the movement, however, are pressing for a return to the arrangement of 1969, which allowed the fedayeen relative freedom to operate throughout the country. This agreement had been whittled down by the government because of the Israeli retaliatory raids into Lebanon.

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WEST GERMANY - USSR

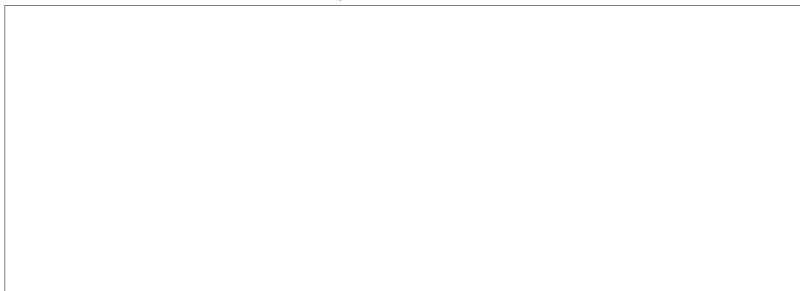
German and Soviet officials are busy setting the stage for Brezhnev's visit to West Germany later this month. Considerable emphasis has been placed on negotiating a number of practical agreements on economic, environmental, and cultural matters. Officials of both sides hope that these agreements can be ready for signature while Brezhnev is in Bonn and thus serve as tangible evidence of German-Soviet co-operation.

The negotiations have been troubled. The Soviets are making difficulties over West German demands that the agreements apply to West Berlin. Chancellor Brandt, however, is anxious to avoid having to discuss Berlin problems with Brezhnev. He apparently believes that if he must ask Brezhnev to be more flexible on Berlin, he would be put in the position of having to make concessions to Moscow on other issues. Brandt, therefore, has instructed the Foreign Office to have Berlin-related matters out of the way before Brezhnev arrives.

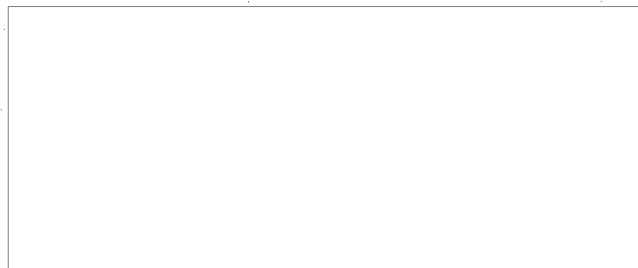
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PHILIPPINES-MALAYSIA-INDONESIA



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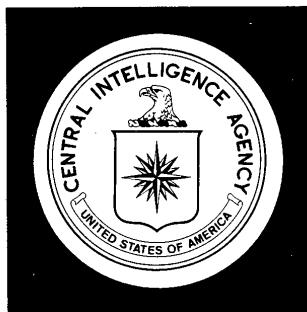
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Mexico: After the government met all their original demands, the kidnapers of Consul General Leonhardy have asked for more; this time one million pesos (\$80,000). Mexican officials are collecting the money and will be ready to pay the ransom this morning.

Cambodia: Despite traveling after dark and under air cover, the latest Mekong River convoy was attacked and lost one ship carrying airplane fuel yesterday. Nine other vessels made it to Phnom Penh after taking minor damage. Two crewmen were wounded.

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The President's Daily Brief

8 May 1973

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THE PRESIDENT'S DAILY BRIEF

8 May 1973

PRINCIPAL DEVELOPMENTS

The flare-up of fighting in Beirut that began yesterday and continued through the night apparently was caused by guerrilla extremists determined to prevent the cease-fire from taking hold. (Page 1)

25X1

[Japan] (Page 2)

Seasonal rains have halted Chinese road building in some areas of northwest Laos, but preparations appear to be under way for renewing construction once the monsoon ends in the fall. (Page 3)

The Khmer Communist leadership in Cambodia has indicated that there are still definite limits to its support for Sihanouk. (Page 4)

US Consul General Leonhardy was released unharmed by Mexican guerrillas last night. (Page 5)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LEBANON-FEDAYEEN

The flare-up of fighting in Beirut that began yesterday has continued through the night. Rockets were fired at army positions near the Palestinian refugee camps and the airport. The renewal of hostilities prompted Prime Minister Hafiz to declare a state of emergency and once again to submit his resignation.

The renewed fighting, which began just after a government announcement that progress had been made in settling differences with the guerrillas, apparently reflects a determined effort by fedayeen extremists to prevent the cease-fire from taking hold. They probably fear that Fatah leader Yasir Arafat, in negotiations with the government, had agreed to a formula that imposes further restrictions on the guerrillas. No representatives of the extremist splinter groups attended meetings yesterday between the government and mainstream elements of the guerrilla movement.

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The breach in the cease-fire may have been staged by the Popular Democratic Front for the Liberation of Palestine. The Front reportedly had made an earlier, unsuccessful attempt to incite a resumption of fighting.

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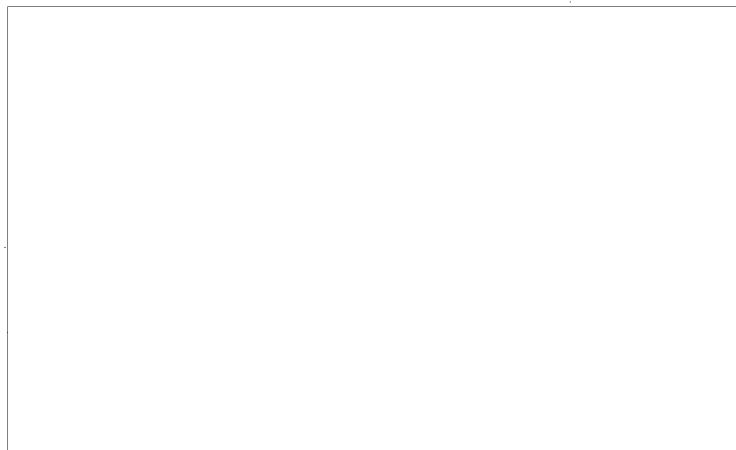
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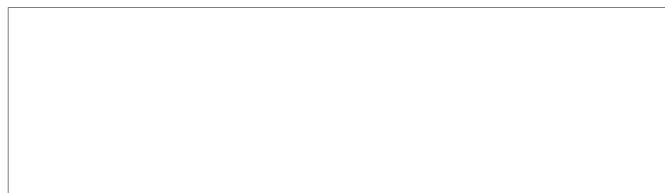
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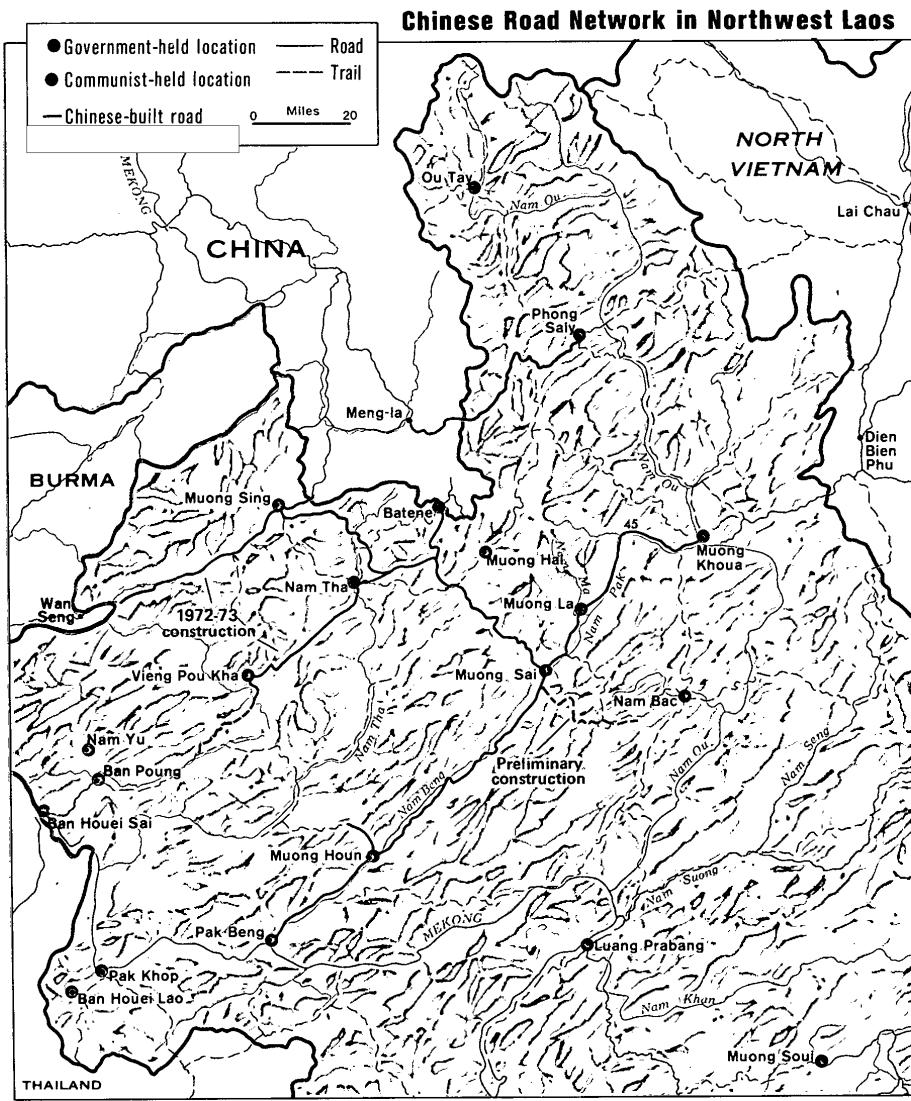


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CHINA-LAOS

Seasonal rains have halted Chinese road building in some areas of northwest Laos, but preparations appear to be under way for renewing construction once the monsoon ends in the fall. Chinese crews have begun preliminary work for a road east from Muong Sa--the hub of the existing roadnet--which could be the first phase of an extension of the system into the Nam Ou Valley.



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Construction of these new projects would require at least one full dry season. Even if they are not undertaken, Chinese crews would be kept occupied well into 1974 in order to complete work already under way.

Prime Minister Souvanna as well as Peking has based the continued presence of Chinese construction units in Laos on economic aid pacts signed in the early 1960s. Souvanna may seek new agreements once a new coalition government is formed, and Peking may view this as a way of legitimizing its presence.

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CAMBODIA

The Khmer Communist leadership in Cambodia has indicated that there are still definite limits to its support for Sihanouk. According to a message of April 16--which has just become available--from the Khmer Communists' Central Committee to several subordinate regions, Sihanouk's trip in March to the "liberated zone" was in line with "party objectives and the political goals of the front." The message goes on to say that "as for Sihanouk and his factions...we make a front with him and he makes a front with us; this is very excellent."

The message then appears to call for some restrictions on the propaganda treatment in Cambodia on Sihanouk's views "in order to avoid reinforcing and expanding Sihanouk's power."

This is the second time in recent months that the Central Committee has expressed some concern about Sihanouk. In a message of February 2, the committee fretted over the possibility of a meeting in Hanoi between Sihanouk and Dr. Kissinger. It noted that "Sihanouk's position has been independent of ours"--implying that Sihanouk could not be trusted in any meeting with Dr. Kissinger.

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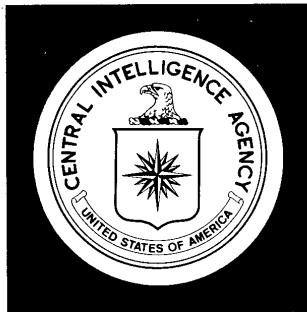
NOTE

Mexico: US Consul General Leonhardy was released unharmed by urban guerrillas last night. The guerrillas' successful tactics and the government's quick acquiescence to their demands are likely to encourage similar operations in the future.

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The President's Daily Brief

9 May 1973

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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May 9, 1973

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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FOR THE PRESIDENT ONLY

LATE ITEM

Some fighting has resumed in Lebanon today.
Press reports state that tank and machine-gun fire
broke out near a refugee camp on the southern out-
skirts of Beirut.

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THE PRESIDENT'S DAILY BRIEF

9 May 1973

PRINCIPAL DEVELOPMENTS

The Lebanese Army has reacted strongly against fedayeen who had breached the cease-fire, while negotiations with the guerrilla leadership continue. (Page 1)

The transfer of Libyan and Iraqi ground-attack aircraft to Egypt has upgraded the Arabs' capability to attack Israeli targets. (Page 2)

the Chinese

(Page 3)

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Cambodia's four-man council is making little progress in forming a new cabinet. (Page 4)

FOR THE PRESIDENT ONLY

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LEBANON-FEDAYEEN

The army yesterday reacted in strength against guerrillas in the Beirut area who breached the cease-fire and others who refused to surrender such "offensive" weapons such as rockets and mortars. Most areas outside the capital were quiet. Army units from the south have reinforced Beirut. Yet another cease-fire has been declared, and negotiations with the fedayeen leadership continue.

The durability of the latest cease-fire depends on whether Yasir Arafat can keep most fedayeen from becoming embroiled in fighting incited by the guerrilla extremists. The government also faces the possibility that Communists and other leftists might join in the fight against the army.

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The Lebanese remain alarmed over Syria's intentions. Shortly before fighting resumed yesterday,

[redacted] Syrian Foreign Minister Khaddam warned President Franjiyah that Syria "could not ignore" any further action against the fedayeen. He is said also to have cautioned that Syrian armed forces might occupy some Lebanese territory if there [redacted] Syria's closure of the border and the call by Radio Damascus for the Lebanese people to join the guerrillas' fight have added to the government's concern.

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A report that a force, probably composed of Syrian regulars, entered Lebanon yesterday has not been confirmed.

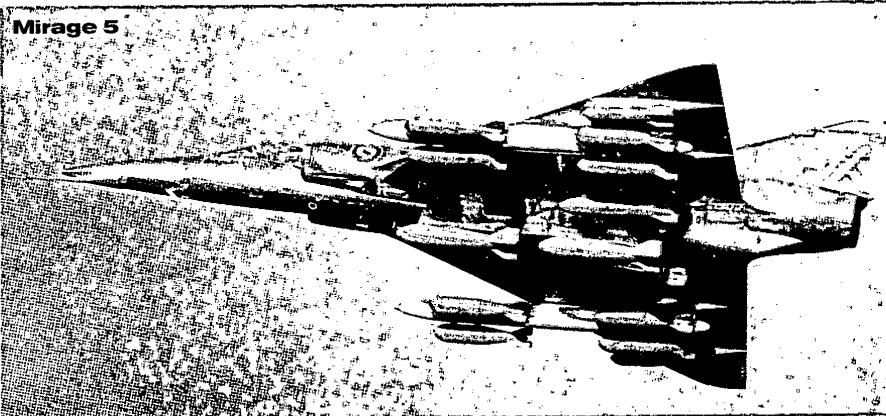
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FOR THE PRESIDENT ONLY

Ground Attack Aircraft in Egypt



Low Altitude Capabilities

	Combat radius	Payload	Mission time
Mirage 5	265 nm	6,000 lbs	1.3 hrs
SU-7 Fitter	75 nm	4,400 lbs	0.4 hrs

554357 5-73 CIA

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FOR THE PRESIDENT ONLY

EGYPT

The Arabs' capability to attack Israeli targets has been upgraded by the transfer of Libyan and Iraqi ground-attack aircraft to Egypt, but Israel's military superiority is not yet threatened.

About 30 Libyan Mirages and some 16 Iraqi Hawker Hunters were transferred to Egypt last month. Thus there are now a variety of aircraft in Egypt that can be used in a ground-attack role, including Soviet built SU-7 and SU-17 Fitters and MIG-17 Frescos. These are in addition to Egypt's 26 TU-16 medium bombers and some 15 IL-28 light bombers.

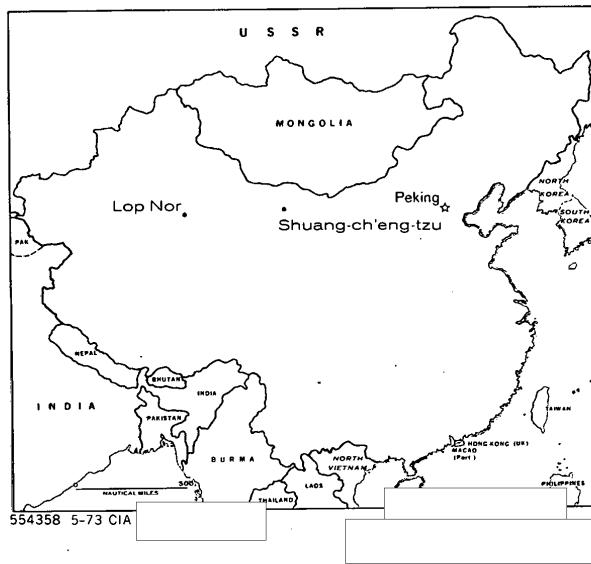
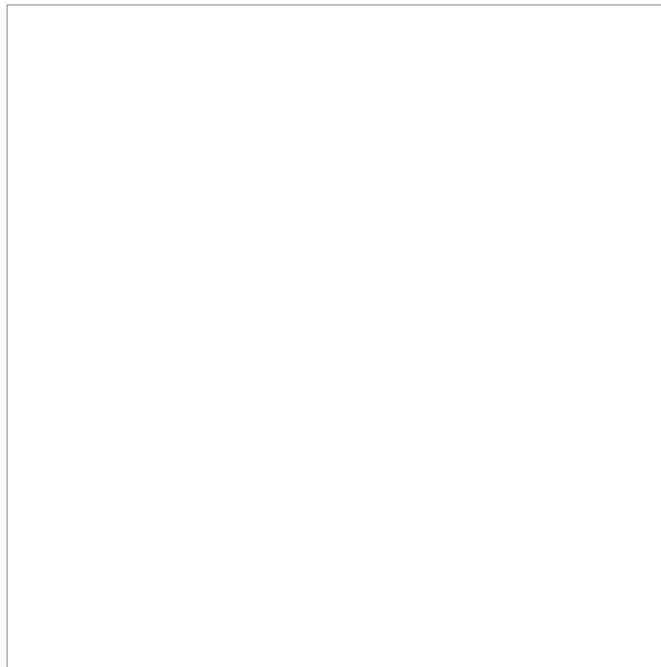
The Mirage is the best of the ground-attack aircraft now in Egypt, particularly in range and in size and diversity of payload. Both the Mirage and the Fitter can reach targets in Israel proper, but only the Mirage can fly at the low altitudes required to penetrate Israeli defenses and still reach Israel with a sizable payload. At low altitudes, the Fitter would be restricted to operations over the Sinai.

The Hunters, which have about twice the payload of the MIG-17, would be useful in ground-attack missions close to the Suez Canal. In such a role, they would complement the MIGs as well as the Mirages and Fitters.

The Libyan Mirages are believed to be flown by Egyptians who have been training on them for over a year. These pilots appear to be capable of flying them in combat. The Hunters are piloted by Iraqis, and evidence suggests that their proficiency is low.

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CHINA

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CAMBODIA

The ruling High Political Council is making little headway in forming a new cabinet. The appointment of a prime minister has been snarled by the Republican Party's advocacy of a political non-entity for the post.

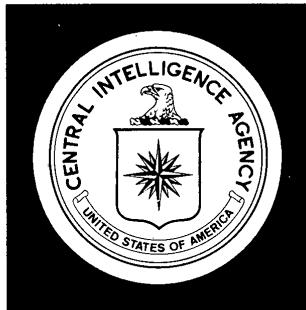
The council and party representatives have made more progress on policy issues. They have agreed on the need for new elections but, rather than risk further dispute on this delicate subject, have deferred decision on the type and timing. On military matters, they have agreed to place the armed forces under civilian control, presumably through the prime minister's office.

The council reportedly has accepted Lon Nol's proposal to elevate Army Chief of Staff Sosthene Fernandez to the new post of commander in chief of the armed forces.

The President's proposal seems to be a response to demands by the other council members that he reduce his substantial involvement in military affairs.

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10 May 1973

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THE PRESIDENT'S DAILY BRIEF

10 May 1973

PRINCIPAL DEVELOPMENTS

Beirut was relatively quiet yesterday, and the Lebanese Government is cautiously optimistic. (Page 1)

Canada

25X6

(Page 2)

Argentina's President Lanusse has declared he will use force if necessary to guarantee the transfer of power to the Peronists on May 25. (Page 3)

Tito will not attend the important Yugoslav party conference that begins today; Stane Dolanc appears to be the front-runner in the succession sweepstakes. (Page 4)

The dollar has come under significant pressure in Europe for the first time since the European joint float began; the joint float itself may soon develop internal pressures. (Page 5)

West Germany

25X1

(Page 6)

Turkey's election last month of a compromise candidate after a 25-day presidential crisis signaled a shift in the balance of power from the military back to parliament. (Page 7)

Taiwan

25X1

(Page 8)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LEBANON-FEDAYEEN

Beirut was relatively quiet yesterday with only some exchanges of fire. The air strikes and artillery fire on May 8 appear to have had a sobering effect on the guerrillas, and fedayeen-army joint committees have begun enforcing the cease-fire. There were several fire-fights near the Syrian border, but Lebanese air strikes and tank fire hurt the guerrillas and limited the fighting.

The Lebanese Government is cautiously optimistic. It believes that the popular support given President Franjiyah's tough stand places it in a strong position vis-a-vis the guerrillas.

Although still concerned about Syria's intentions, Lebanon sees Damascus' present involvement as limited and virtually predictable in view of the pressures within the Syrian power structure for support of the guerrillas. Since the fighting began, Damascus has permitted an estimated 1,000-2,000 fedayeen to infiltrate into Lebanon, but has not committed Syrian regulars.

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Egyptian President Sadat sent a personal emissary to Damascus yesterday to intercede in Lebanon's behalf.

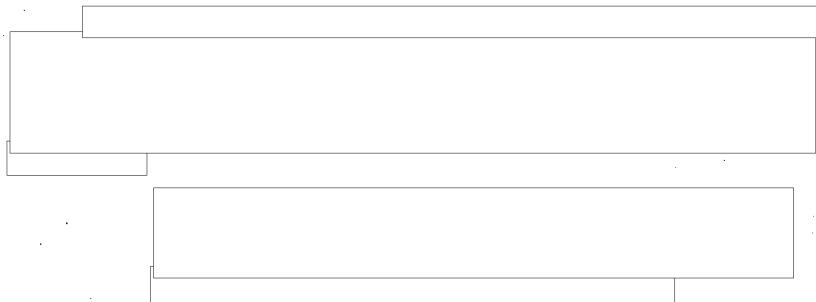
Cairo may fear that a Syrian move into Lebanon would trigger Israeli military action. This, in turn, would put strong pressure on Egypt to assist its confederation partner.

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FOR THE PRESIDENT ONLY

CANADA

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ARGENTINA

President Lanusse has declared he would use "force of arms" if necessary to guarantee the transfer of power to the Peronists on May 25. Lanusse issued his warning after taking soundings among high-ranking officers who are disturbed that president-elect Campora will not take a firm public stance against terrorism.

The majority of senior officers are still committed to turning over the reins of power as scheduled, even if only because they agree that failure to do so could spark civil strife on a scale too great for the armed forces to handle.

There are, however, militant anti-Peronists in the army and navy who would like to seize on almost any excuse to abrogate the election results. So far they have not been able to convince many of their fellow officers of the wisdom or necessity of that course.

The situation remains unstable, however, as exemplified by the wavering among many top officers after the recent assassination of Admiral Quijada. Further attacks on leaders of the armed forces might drive such waverers toward the militants and jeopardize the orderly transfer of power.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

YUGOSLAVIA

Tito will not attend the important Yugoslav party conference that begins today. The Yugoslav news agency announced yesterday that Tito will remain on vacation. The same article indicated that party leaders have already agreed to re-elect Stane Dolanc as secretary of the powerful party Executive Bureau.

The intent of these announcements appears to be to present Dolanc as the front-runner in Yugoslavia's succession sweepstakes. Tito has never missed a party conference before; his keynote addresses over the years have set the tone for the proceedings. In his absence, Dolanc will have the spotlight, delivering the major address. His position as the heir-presumptive to the 81-year-old Tito will be strengthened.

After this demonstration of confidence in Dolanc, Tito may well pass some of his party leadership duties to him as he has done on the government side with Yugoslavia's collective presidency. It is unlikely, however, that Tito will resign the chairmanship of the party, a post he has held for 36 years.

Dolanc apparently has been groomed by Tito since 1969, when he was plucked from an obscure post in Slovenia and suddenly elevated to the party Executive Bureau. He is much like Tito, a straight-talking and no-nonsense individual, who believes strongly in the federal system for Yugoslavia. Should he succeed Tito some day, Dolanc would be likely to try to continue Yugoslavia's "independent" posture, balanced between East and West and striving for leadership of the third world.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

The dollar has come under significant pressure for the first time since the European joint float began. The joint float itself may soon develop internal pressures.

The mark has been principally in demand over the last two days because traders anticipate new action by Bonn to control inflation. Other European currencies have appreciated at least partly in line with the mark, and the independently floating pound, bolstered by attractive British interest rates, has reached its highest level since last June.

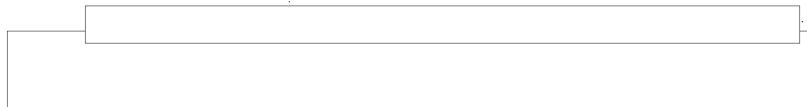
Both the mark and the guilder will probably go up more in coming weeks. Technical factors associated with Bonn's reserve requirements on German commercial banks will produce end-of-month mark purchases. Amsterdam has canceled the surcharge on non-resident deposits which has been a major factor in the weakness of the guilder, currently the weakest EC band currency. Any rapid appreciation by the mark or guilder would provide the first major test for the joint float.

The free market price of gold has resumed its rise, after almost a month of relative stability. Contributing to the rise are the troubled currency markets, political tension in the Middle East, and reports of possible Soviet borrowing on the Euro-dollar market, which would reduce Moscow's need to sell gold.

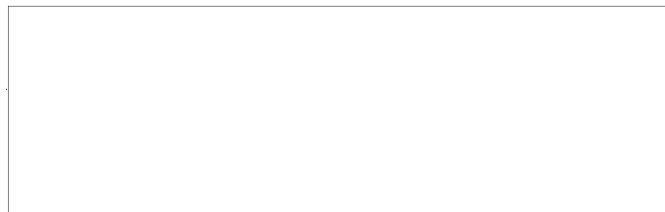
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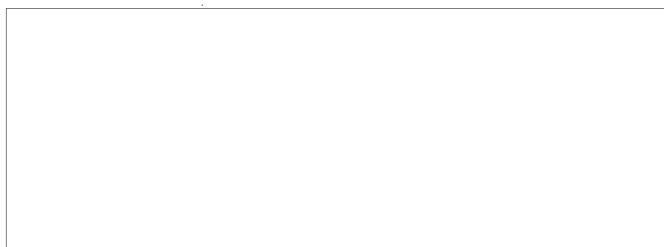
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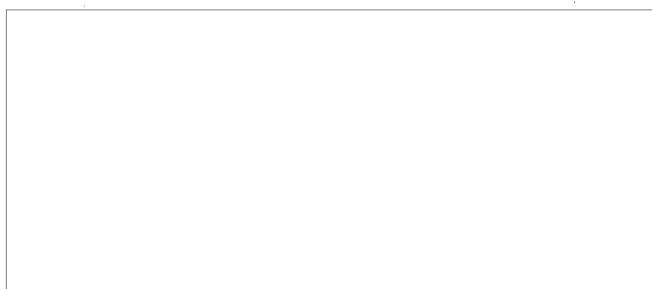
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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

TURKEY

Last month's election of a compromise candidate after a 25-day presidential crisis signaled a shift in the balance of power from the military back to parliament.

The victory for the civilians would not have been possible had all of the military joined ranks behind their candidate, Faruk Gurler. Justice Party leader Demirel gambled that Gurler was not entirely popular with his fellow officers and that the military was too disunited to move against parliament if his candidacy were rejected.

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The annual military promotion and assignment lists published in August are likely to reflect the new power alignment. Gurler's associates and anti-parliamentarians should find themselves relegated to non-jobs in isolated posts. General Turun, in contrast, could become commander of the country's ground forces.

The military remains one of Turkey's most powerful pressure groups, but leaders now in the ascendant show no disposition to embroil themselves in day-to-day politics. Officers who forced Demirel out in 1971 because he failed to grapple with such problems as terrorism and land reform have now retreated; civilian government has won another chance to show what it can do.

FOR THE PRESIDENT ONLY

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NATIONALIST CHINA



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The President's Daily Brief

11 May 1973

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THE PRESIDENT'S DAILY BRIEF

11 May 1973

PRINCIPAL DEVELOPMENTS

The Lebanese Army is consolidating its control over the fedayeen. (Page 1)

The Soviets launched another space station last night and probably will send cosmonauts to man it. (Page 2)

Emperor Haile Selassie can be expected to press for more US military aid during his visit on May 15. (Page 3)

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Saudi Arabia

(Page 4)

A plenary session of MBFR negotiators will finally take place Monday. (Page 5)

Australia's Prime Minister is looking past legislative problems to consolidating Labor's political position in new elections. (Page 6)

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LEBANON-FEDAYEEN

The army and the fedayeen exchanged some fire yesterday near the Syrian border, but in general the fighting appears to be gradually tapering off.

President Franjiyah apparently believes his army's strong performance enables him to be tough with the guerrillas. His first priority [redacted] will be to disarm the fedayeen in the refugee camps around Beirut. He then would be willing to negotiate new arrangements governing the guerrillas' presence in Lebanon.

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Such arrangements would most likely involve further restrictions on the fedayeen. The fedayeen, whose base of operations against Israel is limited to Lebanon and Syria, will ask other Arab governments to pressure Franjiyah into changing his mind. There does not appear to have been any strong Arab pressure on the Lebanese Government thus far, encouraging Franjiyah to plan tough demands.

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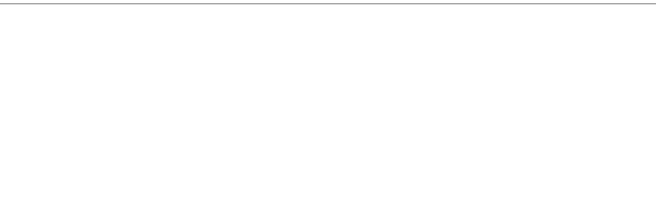
FOR THE PRESIDENT ONLY

USSR

The Soviets launched another Salyut space station into near earth orbit last night.

If it performs properly during the next two days, the Soviets probably will follow with the launch of a Soyuz capsule to transport cosmonauts to the space station. There is still time to begin a manned mission before the US Skylab is launched next week.

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A Salyut space station launched in early April exploded after two weeks in orbit.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ETHIOPIA

Emperor Haile Selassie will probably press hard for more US military aid during his visit on May 15. He sees a mounting threat from neighboring Somalia, which has received increased amounts of Soviet military equipment and a large number of Soviet advisers during the past two years. Mogadiscio has recently reasserted its long-standing claim to Somali-inhabited parts of Ethiopia.

The US Military Assistance Program for this fiscal year will be about \$3 million below the \$12 to \$13 million of recent years. The US Embassy has failed to convince the Ethiopian Government that its concern is overdrawn. The Soviet Union may have recently given the Somalis two IL-28 light jet bombers in addition to the previous four, but there is no hard evidence that they have provided the MIG-21s or T-54 tanks necessary to sustain an offensive.

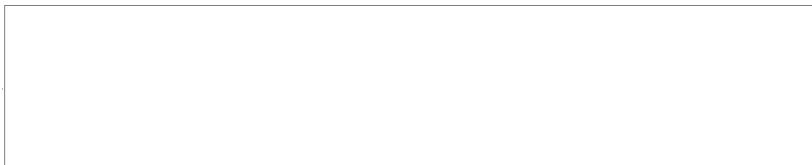
The Ethiopians have already reinforced their border and improved their counter-insurgency capabilities. Their budget suggests that they may be less worried than they say; it holds the line on defense spending, does not tap opportunities for domestic taxation, and does not fully exploit the potential for borrowing.

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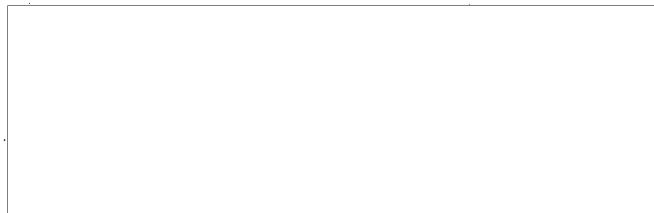
FOR THE PRESIDENT ONLY

 SAUDI ARABIA

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MBFR

Despite their lingering fears that the West is conceding too much to the Soviets, the British this week finally agreed to the North Atlantic Council's acceptance of the Soviet position on Hungarian participation in MBFR talks. This clears the way for a plenary session on Monday to record the agreement, which makes Hungary and seven other states "special participants" or observers.

Each side will make it clear that disagreement on Hungary's status remains. A Warsaw Pact statement will imply that the question of Hungarian participation is now fully settled, while the West will record its intention to press later to include Hungary in the final MBFR agreements. The Eastern side will also suggest that other European states not yet involved in the talks, such as France, might be invited to participate as observers.

Following the plenary, the negotiators in Vienna will move on to consider the timing, location, and agenda for the full MBFR talks. Present indications are that the talks will begin in September or October in Vienna, but detailed discussion of the agenda may not start until the talks begin. This timetable may not hold, however, because some Soviet spokesmen recently have suggested that the USSR will not agree to a starting date for MBFR until a date is set for opening the Conference on Security and Cooperation in Europe.

FOR THE PRESIDENT ONLY

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AUSTRALIA

Prime Minister Whitlam's ambitious legislative program is in trouble. The first part, a labor bill, has passed the House, but is headed for almost certain defeat in the opposition-controlled Senate, on the grounds that it caters excessively to union interests.

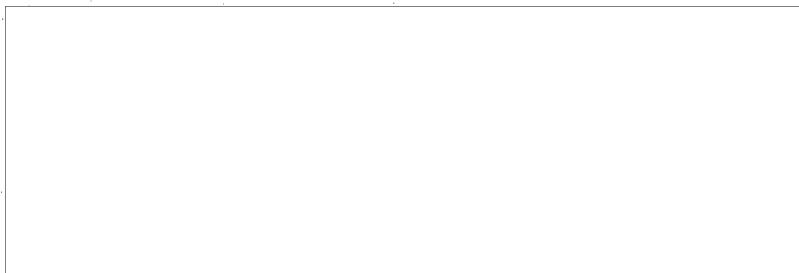
Whitlam looks on the labor bill as a test case for the rest of his program. He has implied that if it fails two readings, he will dissolve parliament and call elections. The parliamentary process is a long one, however, and no decisions will be made until late this year or early 1974.

A gamble on new elections is bound to be attractive to Whitlam. In the House the Labor government has a solid majority of nine that it is unlikely to lose in the near term. In the Senate, Labor has 26 seats, the opposition Coalition 31 and Independents 3. With only a relatively moderate shift in votes, Labor could take control of the Senate. If that were achieved, Whitlam could move forward on his domestic program and make other changes, such as redistricting of constituencies, that would put Labor in a strong position in Australian politics for years.

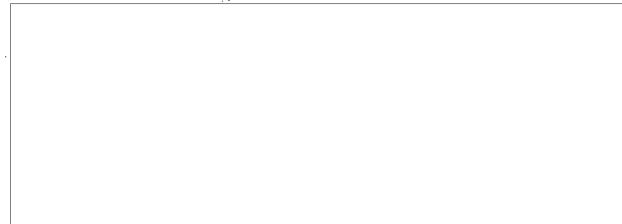
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CHILE



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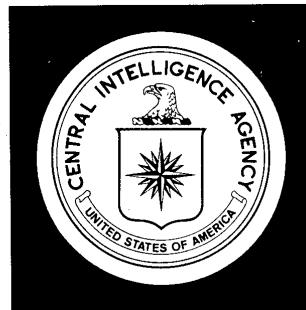
West Germany: Bonn's new anti-inflationary package announced yesterday lacks any direct measures to hold down prices and wages. The government continues to shy away from price and wage freezes and hopes to rely instead upon voluntary restraints. The program appears unlikely to reduce inflation to the desired goal of a 5.5-percent annual rate. In fact, in the next few months, the cost of living probably will accelerate above the 7.5-percent gain of last month over April 1972.

International Monetary Developments: The dollar continued its decline against most major currencies in light trading yesterday. The price of gold continued its rapid rise, closing near \$95 an ounce.

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The President's Daily Brief

12 May 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

12 May 1973

PRINCIPAL DEVELOPMENTS

Communist cadre in South Vietnam are being told that the North Vietnamese leadership was responsible for the decision to give precedence to political operations over military action for the next six months. (Page 1)

The North Vietnamese are moving significant numbers of civilians south into northern South Vietnam in an effort to repopulate areas under Communist control. (Page 2)

The Korean reunification talks, now a year old, have made little progress on substantive issues, but they have helped to reduce tensions in the area. (Page 3)

The Libyan Government has given Western oil companies until May 17 to accept its demand for complete control of company operations. (Page 4)

Qadhafi is planning to use an international youth conference that convenes in Libya this weekend to promote his propaganda campaign against Israel and the United States. (Page 5)

Iraq

25X1

(Page 6)

Polish and East German leaders will use Brezhnev's short visits this weekend to seek reassurances that he will keep their interests in mind when he goes to Bonn next week. (Page 7)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

Communist cadre in the South are being told that the North Vietnamese leadership was responsible for the decision to give precedence to political operations over military action for the next six months.

Cadre at a conference in Tay Ninh Province last month were told that the party central committee in Hanoi believes the "different" situation pertaining in the South since the cease-fire requires new methods and objectives.

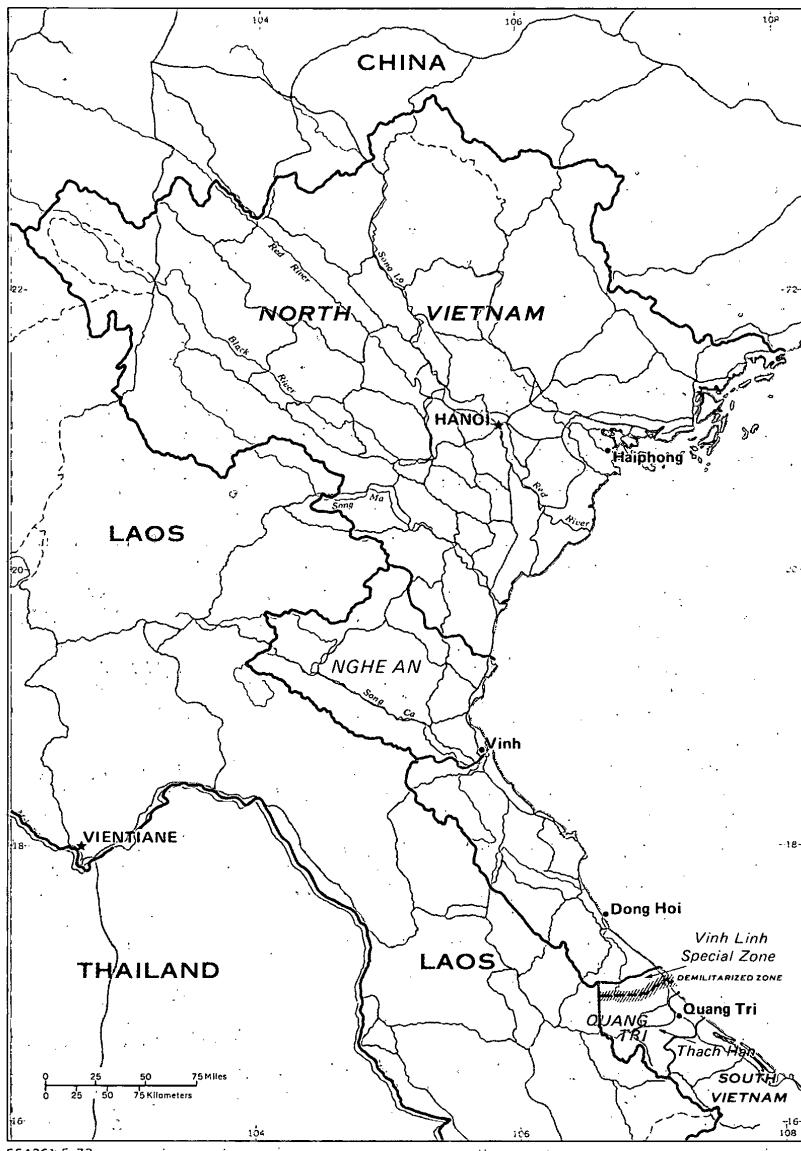
[redacted] the central committee advised the southern party "not to think of launching any military campaigns," but to concentrate instead on developing "liberated" areas, political capabilities, and local infrastructures from May through October 1973. Hanoi also called for continued efforts to strengthen the armed forces and defend against "infringements on liberated" territories.

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The cadre were told that further reliance on military action alone would simply prolong the "same tedious pattern" of launching campaign after campaign that preceded the Paris agreement. Although this effort resulted in a cease-fire and a US military withdrawal, the people were left with a "wretched existence" while no permanent damage was done to the Saigon government.

The political instructions call for increasing the population in specified areas in order to demonstrate credible popular support for the Viet Cong. (Other information on relocation of population follows on next page). People can be attracted by building industries, setting up agricultural production, and creating transport and marketing systems. The cadre were told that these efforts cannot be undertaken unless the central committee operates "within the framework of the cease-fire agreement." These instructions reportedly are being disseminated widely in South Vietnam.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

VIETNAM

The North Vietnamese are moving significant numbers of civilians south into northern South Vietnam in an effort to repopulate areas under Communist control. Intercepts show that since late April almost 3,000 people have been relocated from Nghe An Province in southern North Vietnam to the Vinh Linh Special Zone just above the DMZ. Many of these people subsequently were moved across the border into Quang Tri Province.

The establishment of a North Vietnamese civil presence has been under way since the cease-fire began. Large numbers of civilian specialists have been sent from North Vietnam to help organize political administrations and to provide social services. Many of these specialists are native southerners returning home after training in the North. The people now being relocated include former civilian residents of Quang Tri Province who were moved to North Vietnam after the Communists overran the province during last year's offensive.

North Vietnamese staffed administrations with direct links to Hanoi's internal administrative apparatus have been noted operating in the Communist-controlled area from the DMZ south to the Thach Han River. The civilian populace in this and many other Communist-controlled areas has been sparse or nonexistent, and Hanoi apparently is acting to correct this situation.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NORTH KOREA - SOUTH KOREA

The reunification talks, now a year old, have helped reduce tensions even though progress on substantive issues has been slight. Moreover, each side has learned that its ability to influence the other's ideology and political processes is limited.

On balance, the talks have been more advantageous to North Korea. They have facilitated broader international acceptance of the Pyongyang regime. More than a dozen countries have recognized North Korea since the talks began, and UN observer status now appears likely either this year or next.

Pyongyang is working to exploit its enhanced status to develop international support for a mutual reduction of forces in Korea and the withdrawal of all US troops. The North Koreans see little chance of US withdrawal any time soon, but they may see some chance for mutual troop cuts. There are signs that they would welcome the opportunity to divert more funds to industrial development.

For its part, South Korea has partially achieved its purposes in the talks. Its over-all goal was to begin to develop a relationship with Pyongyang that would preclude a North Korean attack. It was motivated largely by uncertainty over the meaning of the Nixon Doctrine for Korea, particularly whether US forces would remain. There was also a domestic factor. President Pak Chong-hui cited the talks, and the resulting danger he saw of a relaxation in South Korea's military preparedness, as justification for reshaping South Korean society along more authoritarian lines as he had long wanted to do.

The President's immediate domestic objectives are largely accomplished. Moreover, he is now more sure of a continued US presence and thus less fearful of new North Korean military action. His interest in the talks is therefore diminished.

The talks will continue, though perhaps at a slower pace. Both sides know that the big powers want continuation of detente on the peninsula. Eventually, the barriers to non-political contact and cooperation may be lowered.

FOR THE PRESIDENT ONLY

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LIBYA

The government has given Western oil companies until May 17 to accept Tripoli's demand for complete control of company operations. The companies are expected to counter this by offering to participate with Libya in a 50-50 joint operating company and to provide money for new exploitation.

Although this proposal is unlikely to satisfy Libya--which wants a better deal than that obtained by the Persian Gulf countries--it should buy more negotiating time. The Libyans probably are not prepared to nationalize the entire oil industry, but they could take over one company at a time.

The companies' interests are not parallel, and it will not be easy for them to present a united front. Several--Continental, Marathon, and Occidental--have little or no foreign holdings other than those in Libya and thus are inclined to yield. Others such as Exxon, Texaco, and Standard Oil (California) will be reluctant to make concessions to Libya that are likely to set a precedent for the Persian Gulf oil producers.

Libyan oil minister Mabruk said he was making no new demands on the Bunker-Hunt oil company because "we're taking them over anyway."

The decision to nationalize Bunker-Hunt may be a concession to the recent fedayeen demand that Qadhafi nationalize the oil industry. Although Qadhafi said in an interview this week that he will not take such action unless other Arab states agree to do likewise, he probably is willing to nationalize Bunker-Hunt since this would enhance his revolutionary image at small economic cost. Bunker-Hunt has been operating without a formal agreement since its former partner, British Petroleum, was nationalized in late 1971.

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LIBYA

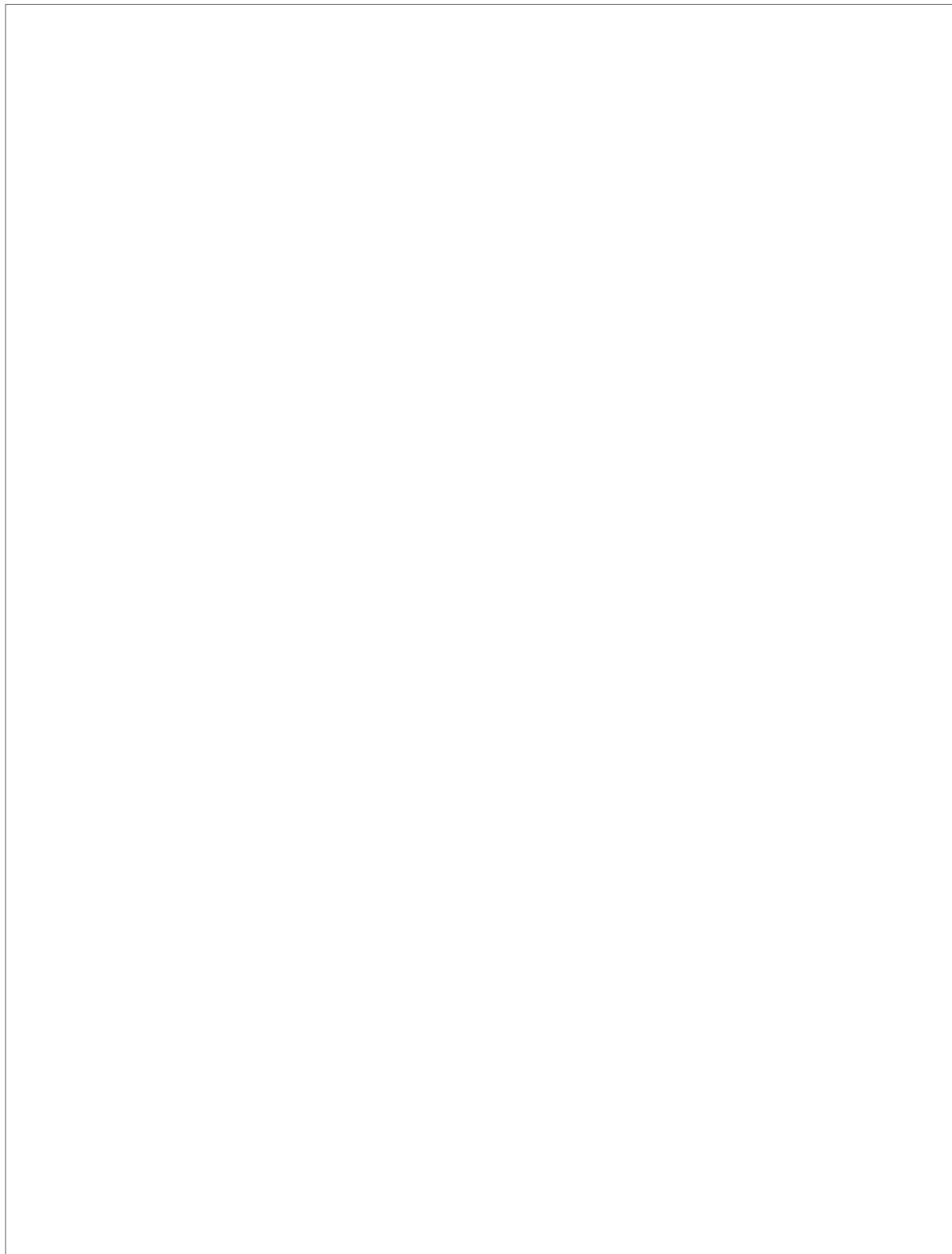
Qadhafi will use an international youth conference that convenes in Libya this weekend to promote his propaganda campaign against Israel and the United States. Invitations to the conference, billed as the Socialist Union of European and Arab Youth, reportedly have been extended to:

- extremist groups, including the Black Muslims, the Black Panthers, and the Quebec Liberation Front
- numerous political parties and liberation movements from Africa, Asia, and Latin America
- representatives from international organizations including the UN
- other guests such as OAU Secretary-General Ekangabi, Prince Sihanouk, and professionals and academicians from the US and Europe.

The lure of Libyan money probably will draw a sizable gathering.

Among the propaganda themes that Qadhafi apparently intends to push are what he calls the "dishonest alliance" of the major powers against the less developed countries and the "siege" of the Libyan revolution by Zionism and imperialism.

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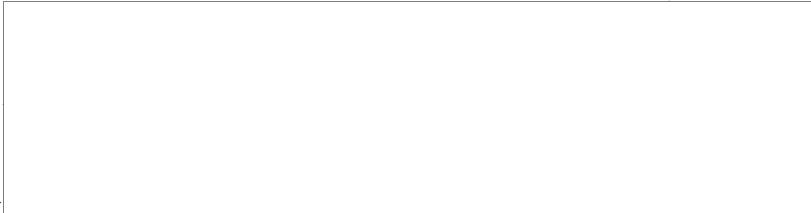


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IRAQ-USSR

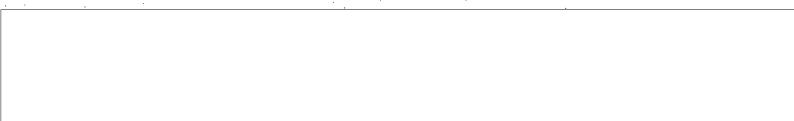
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NOTES

USSR - Poland - East Germany: Polish and East German leaders will use Brezhnev's short visits this weekend to seek reassurances that he will keep their interests in mind when he goes to Bonn next week. The East Germans in particular are concerned that Moscow's pursuit of detente may be carried out at their expense. Brezhnev will listen and, no doubt, offer the required reassurances. He is unlikely, however, to let their worries keep him from attempting to achieve a general improvement in Soviet relations with West Germany.

France: Pierre Juillet, a conservative Gaullist who is President Pompidou's closest political adviser, has offered to resign. Juillet is said to believe that Pompidou has gone too far in showing favor to the centrists in the government. Pompidou apparently is attempting to convince Juillet to withdraw his resignation, but if he stays on, his influence with the President is likely to diminish. Although Juillet's attempt to resign reflects the growing rift between Pompidou and old-line Gaullists, his departure would have no dramatic effect on French politics or policies.

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The President's Daily Brief

14 May 1973

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THE PRESIDENT'S DAILY BRIEF

14 May 1973

PRINCIPAL DEVELOPMENTS

Political maneuvering over formation of a new Cambodian cabinet continues. (Page 1)

West Germany

(Page 2)

25X1

Lebanon's President Franjiyah will pursue in parliament today his case for more stringent controls over fedayeen activities. (Page 3)

Cairo appears to be relaxing the high state of alert of its armed forces. (Page 3)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CAMBODIA

Political maneuvering over formation of a new cabinet continues. High Political Council member In Tam, who was delegated on May 11 by his fellow council members to draw up an acceptable slate of ministers, has encountered troublesome demands from Sirik Matak.

[redacted] if difficulties over cabinet assignments should scuttle In Tam's candidacy for the prime ministership, the High Political Council would dispense with the post. It would institute instead three deputy prime ministers--a device used in previous governments--with each responsible for directing a group of ministries. Should this procedure be followed, Matak has indicated that he would attempt to control the most influential portfolios.

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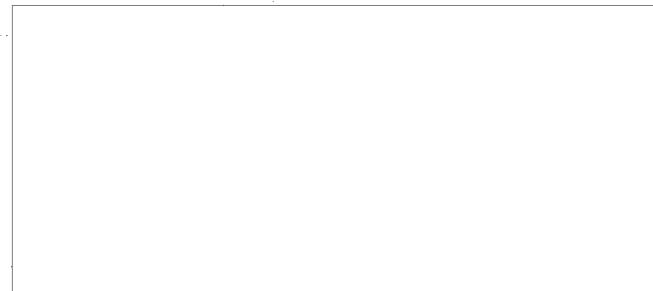
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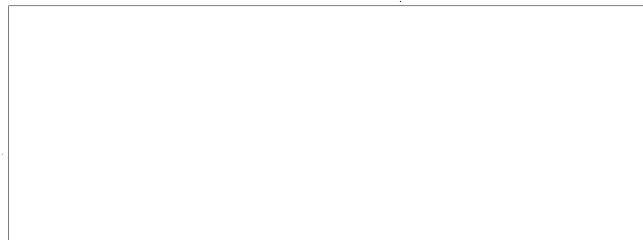
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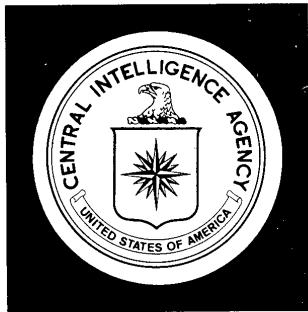
NOTES

Lebanon: President Franjiyah will pursue in parliament today his case for more stringent controls over fedayeen activities. Chances that the fedayeen will acquiesce to heavy restrictions on their freedom are slight. All parties are working to avoid an all-out confrontation, however, and at least a temporary, if fragile, accord seems probable. Beirut airport has been reopened, the curfew relaxed, and the countryside has been generally calm this weekend.

Egypt: Cairo appears to be relaxing the high state of alert of its armed forces. Egyptian naval reservists, recalled early this month for duty at naval bases on the Red Sea and the Mediterranean, will be discharged beginning May 16. Air force reservists, who were also called up, have been told to report to their civilian occupations by May 19.

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The President's Daily Brief

15 May 1973

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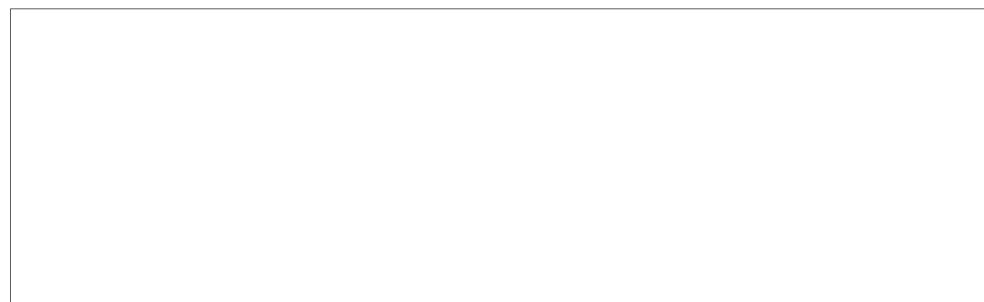
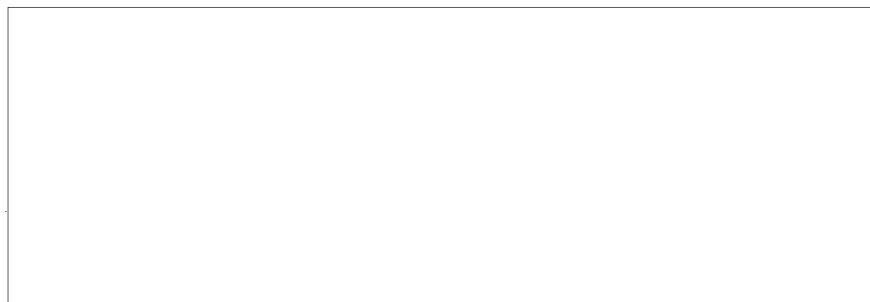
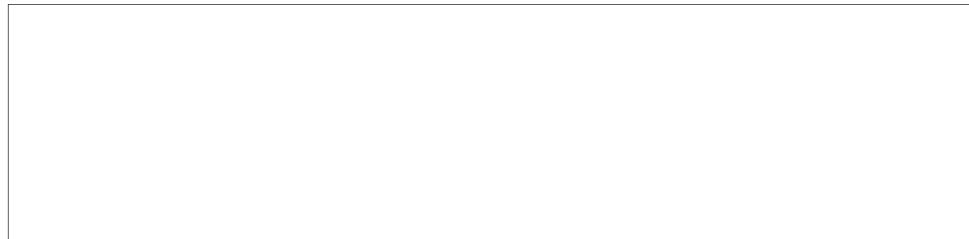
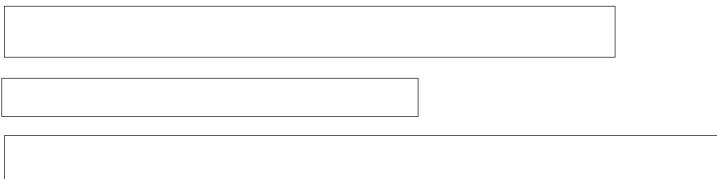
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WASHINGTON, D.C. 20505

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May 15, 1973



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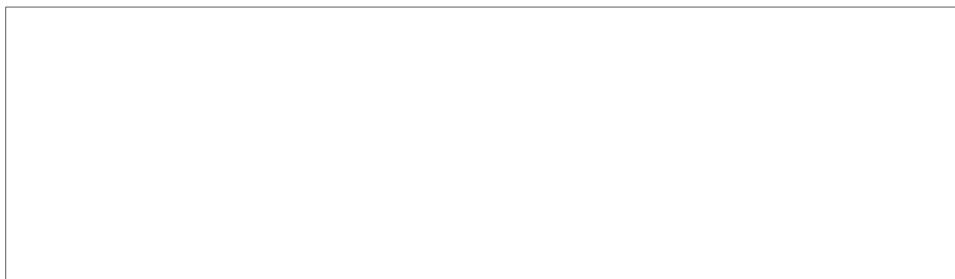
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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

15 May 1973

PRINCIPAL DEVELOPMENTS

The latest Salyut space station has malfunctioned, and the Soviets apparently have canceled the launch of cosmonauts who were to man it. (Page 1)

North Vietnam is sending fresh troops to northern South Vietnam. (Page 2)

The latest attack on the dollar has accelerated. (Page 3)

A Conference on Security and Cooperation in Europe may get under way in late June. (Page 4)

The USSR has invited Iran to join CEMA. (Page 5)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

The Salyut space station launched on May 10 has malfunctioned. Although the station is still transmitting signals, US radars show that two of its four solar panels apparently have not opened properly. This means that the station would not be able to generate adequate electricity to operate with cosmonauts aboard. There is also evidence that the propulsion system is not working. Soviet support ships that were in position to monitor a manned Soyuz mission have already begun to disperse, indicating that the operation has been canceled.

This is the fourth successive failure in the Soviet manned space station program. The first Salyut in 1971 had a fire on board and the three cosmonauts who visited the station were killed during re-entry. An attempt last year to launch another Salyut failed when its booster malfunctioned, and only last month a Salyut space station disintegrated after only two weeks in orbit.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

Two new groups have been detected entering the infiltration system at Vinh en route to South Vietnam. These are the first combat troops noted at the top of the pipeline since early March. The groups, bound for the two northernmost provinces, contain some 1,000 troops.

The numbering sequence used suggests that some 2,500 other troops are also en route. In a possible reference to these troops, an intercepted message on May 10 showed that 3,500 persons in groups of 500 were scheduled to transit the Vinh area between May 10 and 19.

Although there is no indication of the specific assignment of these troops, some of them could be replacements for North Vietnamese units west of Hue. These units probably have suffered substantial casualties from ground clashes and government artillery fire along the Bo River Valley.

FOR THE PRESIDENT ONLY

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INTERNATIONAL MONETARY DEVELOPMENTS

The attack on the dollar accelerated in European currency markets yesterday, and the dollar is now at its lowest level relative to the West German, French, and Swiss currencies since early March. The pound is higher than at anytime since it was floated last June, and the free market price of gold topped \$100. The only intervention yesterday in support of the dollar was in London, where the Bank of England made "light" purchases.

The cause of this new pressure on the dollar is not clear. European traders cite political uncertainty in Washington, the poor performance of the New York Stock Exchange, worries about the US balance of payments, and the rising gold price. Whatever the cause, even a slight pressure on the dollar can rapidly become major and self-sustaining. Indeed, key international banks reported yesterday that multinational and other companies were accelerating their sales of dollars.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CSCE

The preparatory talks in Helsinki are likely to wind up by the end of May, enabling the first stage of the Conference on Security and Cooperation in Europe to begin in late June.

The negotiators are trying to complete work on mandates defining the conference agenda. A mandate must be prepared for each of the general agenda categories: security, economic cooperation, human contacts, and implementation machinery.

Agreement on the human contacts mandate seems to be the key remaining problem. The majority of the NATO allies and most of the neutrals have agreed to have this mandate take note of the principle of "national sovereignty," to calm Soviet concern that Eastern societies might be adversely affected by greater contacts with the West. The Soviets are still holding out for a reference to "non-interference in internal affairs," however.

If this impasse can be broken, both sides appear ready to compromise on the principle of "inviolability of frontiers" contained in the security mandate. The Soviets apparently consider this the most important topic of the conference. The compromise would list the principle separately, as Moscow wishes, but imply that it is linked with the "non-use of force" principle to satisfy the West.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTE

Iran-CEMA: One of the main purposes of Soviet Finance Minister Garbuzov's visit to Teheran last month was to invite Iranian association with CEMA, the Soviet bloc economic organization.

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The Soviets appear to be playing on Iran's displeasure with the European Communities' restrictions on imports from Iran. Even so, the Shah's government will probably turn them down, on the grounds that association with CEMA is not likely to increase Iranian-Communist trade. Last year, the Indian Government refused a similar bid, but Iraq, which is being heavily wooed with Soviet aid, has applied for observer status in the organization, partly as a means of selling its oil.

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The President's Daily Brief

16 May 1973

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THE PRESIDENT'S DAILY BRIEF

16 May 1973

PRINCIPAL DEVELOPMENTS

The dollar, again under heavy pressure in active trading on European markets yesterday, depreciated markedly against the major European currencies.
(Page 1)

The North Vietnamese are closing down part of their troop infiltration apparatus, a move that normally occurs at the onset of the rainy season. *(Page 2)*

The Soviets are continuing to counsel the Arabs against a new outbreak of hostilities in the Middle East. *(Page 3)*

The Lao Government's latest proposals to the Communists include a call for establishing joint police forces in Vientiane and Luang Prabang. *(Page 4)*

FOR THE PRESIDENT ONLY

Exchange Rate, Selected Countries
Units per Dollar

	<u>19 March</u>	<u>7 May</u>	<u>14 May</u>	<u>15 May</u>
Joint Float Instituted				
Mark	2.8265	2.8525	2.7975	2.7725
Guilder	2.8962	2.9580	2.888	2.8680
French Franc	4.5450	4.5612	4.4950	4.4300
Sterling	0.4065	0.4014	0.3932	0.3898
Swiss Franc	3.2487	3.2500	3.1725	3.1425
Yen	264.9	265.6	265.0	263.7

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

The dollar, again under heavy pressure in active trading on European markets yesterday, depreciated markedly against the major European currencies.

Although the Bank of England continued its "light" dollar purchases, there are no signs of any substantial central bank dollar intervention by the joint float participants. Nevertheless, these countries may be compelled to intervene in order to prevent too rapid an appreciation of their currencies vis-a-vis the dollar, which would damage their foreign trade.

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[Redacted] Trad-
ers continue to cite the "Watergate" as a primary cause of the current crisis.

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Gold continued its rapid rise and was traded above \$112 an ounce in London before closing at \$110. Transactions as high as \$128 were reported in Paris. In addition to the currency uncertainties, other factors contributing to this unprecedented rise in the gold price include reports that President Nixon will discuss new gold price arrangements with Brezhnev in Washington next month and evidence of reduced South African production and sales.

Although the dollar was weak at the opening on the Tokyo exchange yesterday, it recovered part of its losses and closed down only modestly from Monday in light trading. Foreign exchange banks and other private sources have replaced the central bank as a dollar supplier on the Tokyo market. Continued strong demand for dollar imports and foreign investment, however, accounts for the dollar losing only slightly against the yen.

FOR THE PRESIDENT ONLY



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INDOCHINA

The North Vietnamese are closing down part of their troop infiltration apparatus, a move that normally occurs at the onset of the rainy season. Late last month the logistic authority responsible for the movement of men into the southern two thirds of South Vietnam and Cambodia was told that no new groups would be "sent south" after Group 2008 "cleared" it. This group should now have reached its destination in the COSVN area.

The order probably refers only to regular troop infiltration and not to small special-purpose groups, a number of which are still entering the infiltration system. The support unit that received the order does not handle infiltration to the northern provinces of South Vietnam, where some infiltration is still occurring. At least 3,500 combat troops have been scheduled to set out for the two northern provinces by May 19

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Since the cease-fire, the Communists have been streamlining the logistic system from the lower North Vietnamese panhandle to southeastern Cambodia. Many of the units that formerly manned way stations have been transformed into engineer and combat support outfits to operate directly in the B-3 Front and COSVN areas.

Although the final shape of the changes is not yet clear, they do indicate that the Communists are going ahead with the development of a military support structure within South Vietnam.

FOR THE PRESIDENT ONLY

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USSR - ARAB STATES

The Soviets are continuing to counsel the Arabs against a new outbreak of hostilities. [redacted]

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[redacted]

[redacted] Moscow does not want another war and that this message had been conveyed to both Cairo and Damascus. Press reports confirm that Ambassador Vinogradov held a meeting with President Sadat.

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NOTE

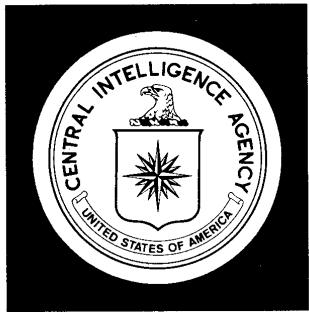
Laos: Prime Minister Souvanna Phouma on May 14 submitted new proposals to chief Lao Communist negotiator Phoumi Vongvichit in Vientiane. The new proposals call for establishing joint police forces in Vientiane and Luang Prabang and offer minor changes in the distribution of cabinet portfolios.

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THE PRESIDENT'S DAILY BRIEF

17 May 1973

PRINCIPAL DEVELOPMENTS

The Lebanese Government is seeking US diplomatic and military help in its efforts to gain control over the fedayeen. (Page 1)

The allocation of posts in the new Cambodian cabinet constitutes a setback for Sirik Matak. (Page 2)

The presence of two swing-wing Backfire bombers at a Soviet training airfield indicates that the first Backfire regiment could be operational next year. (Page 3)

The dollar rallied modestly in European trading yesterday. (Page 4)

Libya's demands that African states sever their ties with Israel will be the principal issue at OAU meetings beginning today. (Page 5)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LEBANON-FEDAYEEN

The Lebanese Government has asked the US Embassy in Beirut to relay a request to Washington for additional US support for its efforts to gain control over the fedayeen and to exercise full sovereignty over the 300,000 Palestinians in Lebanon. President Franjiyah wants the US to persuade the USSR and some Arab states to pressure the fedayeen to accept government demands made when negotiations with the fedayeen began on Tuesday. These include tighter control over fedayeen arms, access to refugee camps by the army, and the application of Lebanese law to all Palestinians.

Although the USSR reportedly has warned Yasir Arafat against expanding the confrontation with the Lebanese Army, the Soviets are unlikely to go further for fear of damaging their image as champions of the Palestinian cause.

The Arabs see some benefit in preserving the guerrillas' capability to conduct limited operations against Israel and would be opposed to tighter controls on the fedayeen. The fedayeen themselves will not accept the government's demands and the negotiations appear headed for a stalemate.

The army's keen interest in avoiding an all-out showdown with the fedayeen limits Franjiyah's ability to force acceptance of his demands.

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[redacted] the army is incapable of sustaining a prolonged country-wide campaign against the guerrillas.

Franjiyah also wants rapid US help in strengthening his 14,000-man army in the event the negotiations collapse. If another round of fighting occurs, he will seek further US diplomatic support to deter Syrian intervention.

FOR THE PRESIDENT ONLY

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CAMBODIA

The makeup of Prime Minister In Tam's cabinet announced yesterday marks a political setback for Sirik Matak. About half of the 24 positions went to President Lon Nol's Socio-Republican Party; the remainder were divided among the Republican and Democratic parties and independents. The able Long Boret will remain as foreign minister, and Major General U Say, now ambassador to Laos, has been named defense minister.

Sirik Matak had hoped to dominate both the High Political Council and the cabinet, but his unwillingness to compromise resulted in only three relatively minor portfolios for his Republican Party. Matak blames this setback on an alliance between Lon Nol and In Tam.

By the same token, Lon Nol seems to have improved his chances of reasserting his own primacy. A majority of the new cabinet ministers are generally loyal to him and can be expected to safeguard his interests.

Lon Nol continues to insist that he will soon travel abroad for further medical treatment. He probably will not leave, however, until he is confident that the other Council members will not unite against him during his absence.

FOR THE PRESIDENT ONLY

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USSR

[redacted] two
swing-wing Backfire bombers were at the airfield
used by the Medium Bomber Training Division of Soviet
Long-Range Aviation.

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*If training begins immediately and there
are no delays in deliveries, some of the
aircraft could be sent to operational
units later this year, and the first Back-
fire regiment could be operational in 1974.*

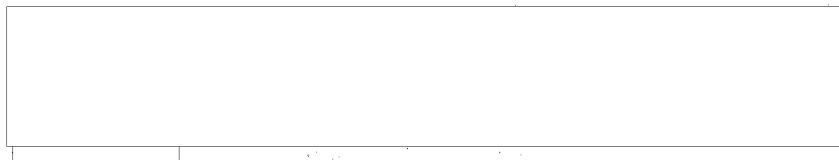
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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar rallied modestly in light European trading yesterday and the free market gold price slipped somewhat, probably because of profit-taking. No clear trend developed, however, and there are no solid grounds for predicting an end to the current trouble.

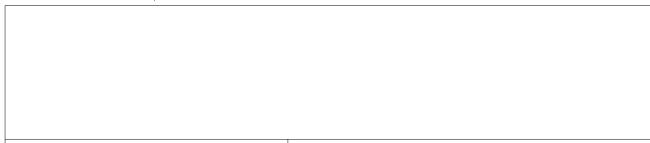
The European joint float has easily weathered the storm on the currency markets. With all currencies strong relative to the dollar, only modest interventions have been required to maintain the band. The Swedish and Norwegian crowns remain at the top of the band, followed closely by the French and Belgian francs. The mark still is at the bottom of the band.



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ORGANIZATION OF AFRICAN UNITY

Israel's presence in Africa is likely to be the principal issue at both the OAU heads of state conference, which opens on May 26, and at the preparatory meeting today.

Libyan President Qadhafi has demanded, in effect, that African states sever their ties with Israel or face loss of Libyan aid to them and to African liberation groups. He has threatened to boycott the conference unless the Africans adopt his position and has called for the removal of OAU headquarters from Addis Ababa to Cairo because of Ethiopia's close ties to Israel.

Some countries in need of financial support may yield to Libya's pressure. Several important African leaders have already rejected Qadhafi's ultimatum, however, and there is little likelihood that the move of OAU headquarters will be seriously considered.

Other themes at the conference are likely to be the strains between Ethiopia and Muslim countries, which Somalia may try to exploit, and the desire to increase pressure on white southern African regimes.

At least behind the scenes, Somalia may attempt to advance its long-standing territorial claims against Ethiopia.

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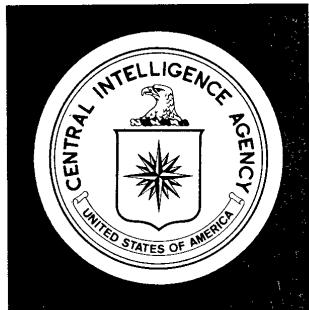
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NOTE

Western Europe: The European allies begin discussions next week on how to assume a larger share of their own defense, as urged by the US, while keeping in mind the security implications of the MBFR negotiations. The talks will be held within the political committee of the EC, thereby carrying an EC body further into the security area than ever before. In March the committee decided that its proper role in considering MBFR was to discuss those aspects of force reductions that have a bearing on future West European integration, leaving purely military aspects to NATO.

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The President's Daily Brief

18 May 1973

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THE PRESIDENT'S DAILY BRIEF

18 May 1973

PRINCIPAL DEVELOPMENTS

President Pompidou and Prime Minister Heath will explore next week the possibility of a common position on issues Pompidou will discuss with President Nixon.
(Page 1)

North Korea's entry into the World Health Organization yesterday--the first recognition of Pyongyang by a major international organization--is the beginning of the end for South Korea's campaign to keep the north diplomatically isolated. *(Page 2)*

Feeling against French nuclear testing in the South Pacific is running high in Australia, and an anti-French boycott sponsored by the country's major labor federation is proving a problem for Prime Minister Whitlam. *(Page 3)*

In Argentina, president-elect Campora is taking a conciliatory line toward his political opponents as he prepares for his inauguration next Friday.
(Page 4)

Saudi Arabia

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(Page 5)

25X1

Zaire will not renew the Israeli military assistance agreement when it expires in September

(Page 7)

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

FRANCE-UK

Next week in Paris, President Pompidou and Prime Minister Heath will explore the possibility of a common position on issues Pompidou will discuss with President Nixon.

The British have been more sympathetic to Dr. Kissinger's Atlantic Charter proposals, believing that Europe must have some regard for US problems. The French still fear the US might dominate a US-European relationship and undercut European unity.

Both Paris and London oppose linking trade and security questions, fearing that problems in one area may impede agreements in the other or that the US will use its defense commitment to press for trade concessions.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

KOREA

North Korea's entry into the World Health Organization yesterday--the first recognition of Pyongyang by a major international organization--is the beginning of the end for South Korea's campaign to keep the north diplomatically isolated.

WHO recognition opens the door for Pyongyang's entry into other UN agencies and raises the possibility of observer status at the UN General Assembly this fall.

Seoul had resigned itself to Pyongyang's participation in UN organizations and possibly to some changes in the UN's handling of the Korean issue, including termination of UN political involvement in Korea. But ROK officials want to hold fast on other vital issues, including the presence of US forces in South Korea and the continuation of the UN military command. Both of these issues have been targets of strong North Korean attacks that are certain to be stepped up as Pyongyang's role in international councils increases.

FOR THE PRESIDENT ONLY

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AUSTRALIA-FRANCE

Feeling against French nuclear testing in the South Pacific is running high in Australia, and an anti-French boycott sponsored by the major Australian labor federation is proving a problem for Prime Minister Whitlam. The boycott, which includes airline and ship servicing, postal and telecommunication links, and contact with local French firms, was instituted despite a public warning by Whitlam that it would contravene international agreements.

Whitlam himself has publicly condemned French testing, thus making it difficult for him to rein in the trade unions. He probably will work quietly behind the scenes to end the strike, as he did during the brief boycott of US shipping last January. Whitlam, who is aware that he needs French goodwill to gain favorable trade arrangements with the European Community, is not likely to allow the issue of nuclear testing to sour completely Australia's relations with Paris.

FOR THE PRESIDENT ONLY

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ARGENTINA

President-elect Campora is taking a conciliatory line toward his political opponents as he prepares for his inauguration next Friday. He is calling on all parties to join in his program of "national reconstruction" and seems open to including representatives of the large Radical Party in his government.

*The Radical Party, second in size to Cam-
pora's Peronist Party, is middle class -
based. Its cooperation would help ease
the difficult first months of the new ad-
ministration as it seeks to carry out such
controversial commitments as amnesty for
political prisoners.*

The armed forces are now resigned to giving up control of the government. Even the most uncompromising anti-Peronists in the military have seen their support dwindle and have lost hope of finding a pretext strong enough to block the inauguration.

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FOR THE PRESIDENT ONLY

SAUDI ARABIA



FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

WEST GERMANY



FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ZAIRE-ISRAEL

Zaire will not renew the Israeli military assistance agreement when it expires in September,

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Zaire's President Mobutu has no wish to be associated with Libyan President Qadhafi's radical Arab position.

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NOTE

China: The Chinese have begun to turn increasingly to imports both to meet short-term consumer needs and to restore momentum to their lagging economy. This year alone, Peking has contracted for imports of grain, cotton, and vegetable oils worth \$900 million. The Chinese have curtailed the construction of primitive rural fertilizer factories and contracted for four large Western-built fertilizer complexes. They are looking more to imports also to promote growth in basic industries. German and Japanese firms are now competing for the construction of a \$300-million steel complex, and several other countries are negotiating with the Chinese for the installation of electrical generating equipment.

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The President's Daily Brief

19 May 1973

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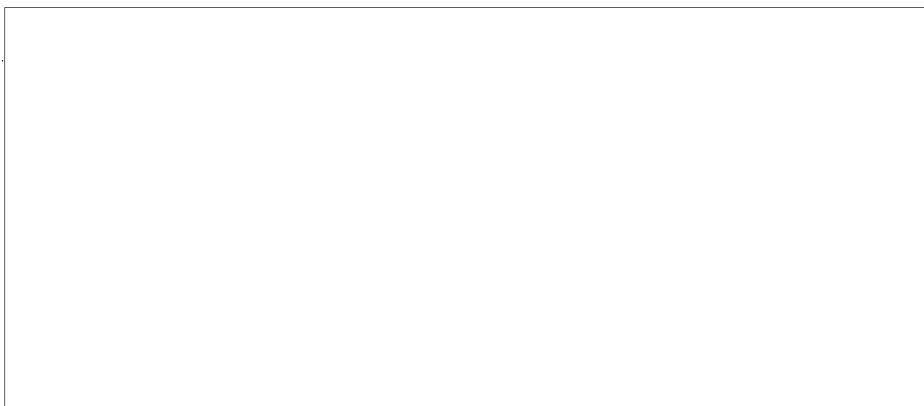
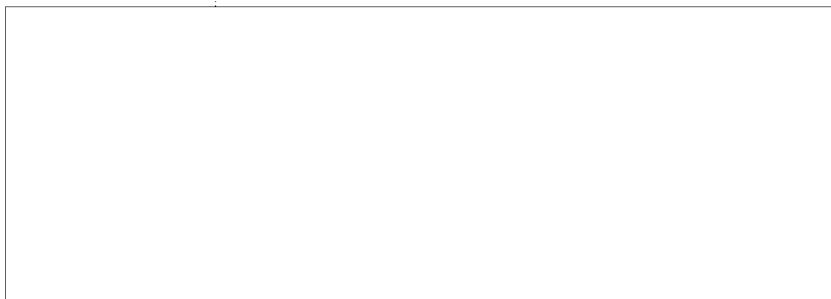
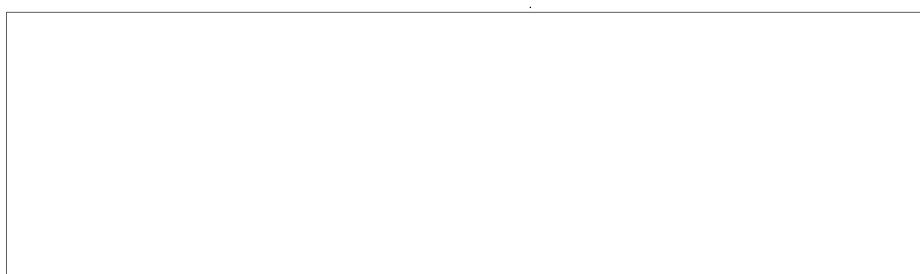
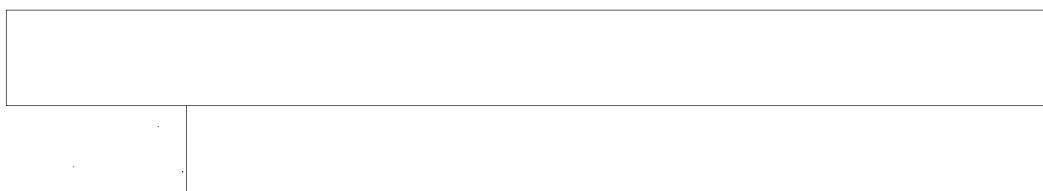
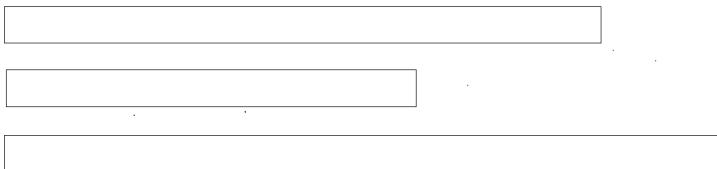
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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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THE PRESIDENT'S DAILY BRIEF

19 May 1973

PRINCIPAL DEVELOPMENTS

The recent flurry of Arab military activity has slowed, casting doubt [redacted] that Egypt may undertake operations against Israel in June. (Page 1)

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[redacted] agreement between Lebanon and the fedayeen meets the government's major objectives, but the willingness of the guerrillas to abide by the new restrictions remains in doubt. (Page 2)

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The Pakistanis are increasingly frustrated over their inability to get talks going with the Bengalis, who still seem basically uninterested in compromising on their preconditions for talks. (Page 3)

[redacted] Greek [redacted]
(Page 4)

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[redacted] the EC [redacted]
(Page 5)

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Communist military action in South Vietnam during the first half of May was somewhat below the post-cease-fire average. (Page 6)

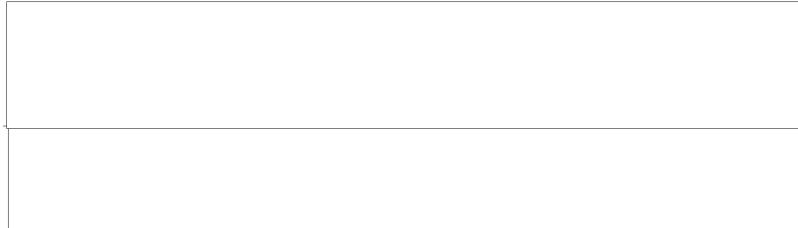
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ARAB STATES - ISRAEL

The recent flurry of Arab military activity has slowed. Although Arab military readiness has increased as a result of the earlier activity, there is no evidence that the Arabs are preparing for a major attack against Israel.

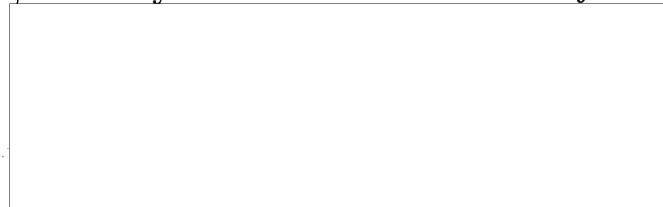
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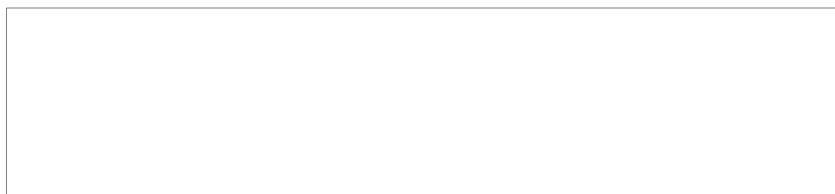
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This information casts doubt on continuing reports that Egypt may undertake operations against Israel in June. Previous activity seems to have been intended as a means of pressuring the international community--

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LEBANON-FEDAYEEN

[redacted] protocol signed [redacted] May [redacted] by the government and the fedayeen [redacted] meets the government's major objectives. It provides for the removal of crew-served weapons from refugee camps to depots in southeastern Lebanon under joint army-fedayeen control. The guerrillas will continue to be denied entry to the area near the Israeli border, and armed fedayeen are banned from Lebanese towns and villages.

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[redacted] also provides for Lebanese police posts outside refugee camps, although authority over the camps will remain in fedayeen hands. The enforcement of Lebanese law in the enclaves is to be the responsibility of both sides. A joint committee will implement the agreement.

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[redacted]

The willingness of the guerrillas to abide by the restrictions remains in doubt, however. Not all the fedayeen organizations took part in the negotiations, and extremist fringe groups may not feel bound by the accord. Even those who signed may view the agreement as a mere expedient to prevent another army assault.

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PAKISTAN-BANGLADESH-INDIA

The Pakistanis are increasingly frustrated over what they see as Indian and Bengali misinterpretation of their "conciliatory" response to the joint India-Bangladesh proposal of mid-April. They say they are willing to begin talks immediately on all issues in dispute and are preparing a note that will clarify this for Dacca and New Delhi.

Islamabad remains opposed to war crimes trials in Dacca that would appear to convict Pakistan of genocide. Pakistani officials, however, have told the US privately that they might accept trials of individual Pakistani soldiers for specific criminal acts. They also seem willing to accept some Bihari refugees on humanitarian grounds, but not all 250,000 of them.

The Bengalis still seem uninterested in compromise and are determined to hold the trials in such a way as to make a settlement more difficult. They are also adamant that Pakistan recognize Bangladesh before talks begin.

The Indians see themselves increasingly in the middle, claiming not to know what the Pakistanis really want, and unable to shake the Bengalis' determination to hold the trials. They insist they will accept anything that Dacca and Islamabad agree to.

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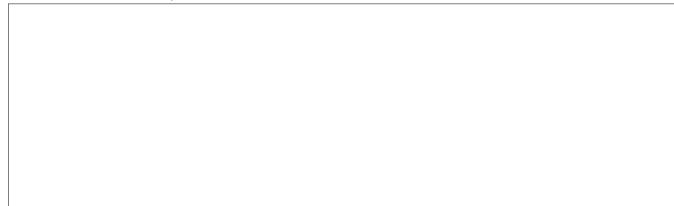
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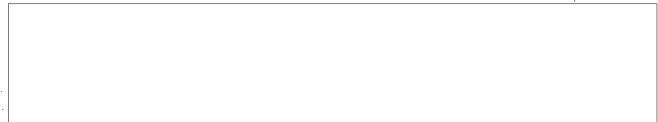
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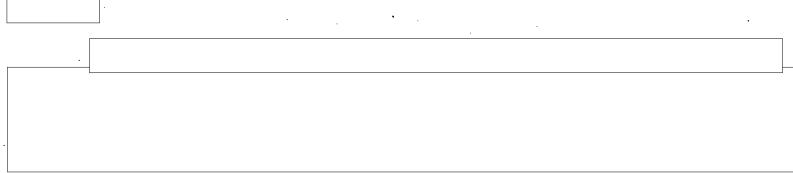
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FOR THE PRESIDENT ONLY

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SOUTH VIETNAM

Over-all Communist military action during the first half of May was somewhat below the post-cease-fire average. Only in several delta provinces have the Communists been openly aggressive. The bulk of the attacks, concentrated in Chuong Thien and Dinh Tuong provinces, have consisted almost exclusively of shellings of government outposts and other fixed positions.

Elsewhere, Communist shellings against the outer defense line west of Hue have increased, and the Communists incurred heavy losses in one sharp engagement in northern Binh Dinh Province in mid-week.

The Communists' actions in the delta seem aimed at protecting vital infiltration routes. Their other activity appears intended to counter government forces trying to expand the area of their control.

Earlier this month, [] Communist [] claimed they would increase small-scale attacks. The Communists are capable of stepping up the tempo of such activity and could do so with little prior warning.

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NOTES

Nigeria: Lagos is ready to sign a participation agreement with the major foreign oil companies operating in Nigeria, ignoring a plea from Libya to stall for better terms. The agreement allows 30-35 percent government ownership, more oil for Nigeria to market, and higher prices for government oil marketed by the companies.

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Italy: Giulio Andreotti's fragile centrist coalition is threatened with the loss of Republican support, without which it could not survive another vote of confidence. The Republicans are demanding the ouster of Andreotti's minister of posts and communications, and threaten to withdraw support of the coalition if he is retained. Andreotti--who has not dismissed the minister--is trying to head off parliamentary discussion of the issue, at least until the Christian Democratic Party Congress in early June. He is trying to avoid any further erosion of his position before the Congress, which will debate the question of a new center-left coalition.

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The President's Daily Brief

21 May 1973

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THE PRESIDENT'S DAILY BRIEF

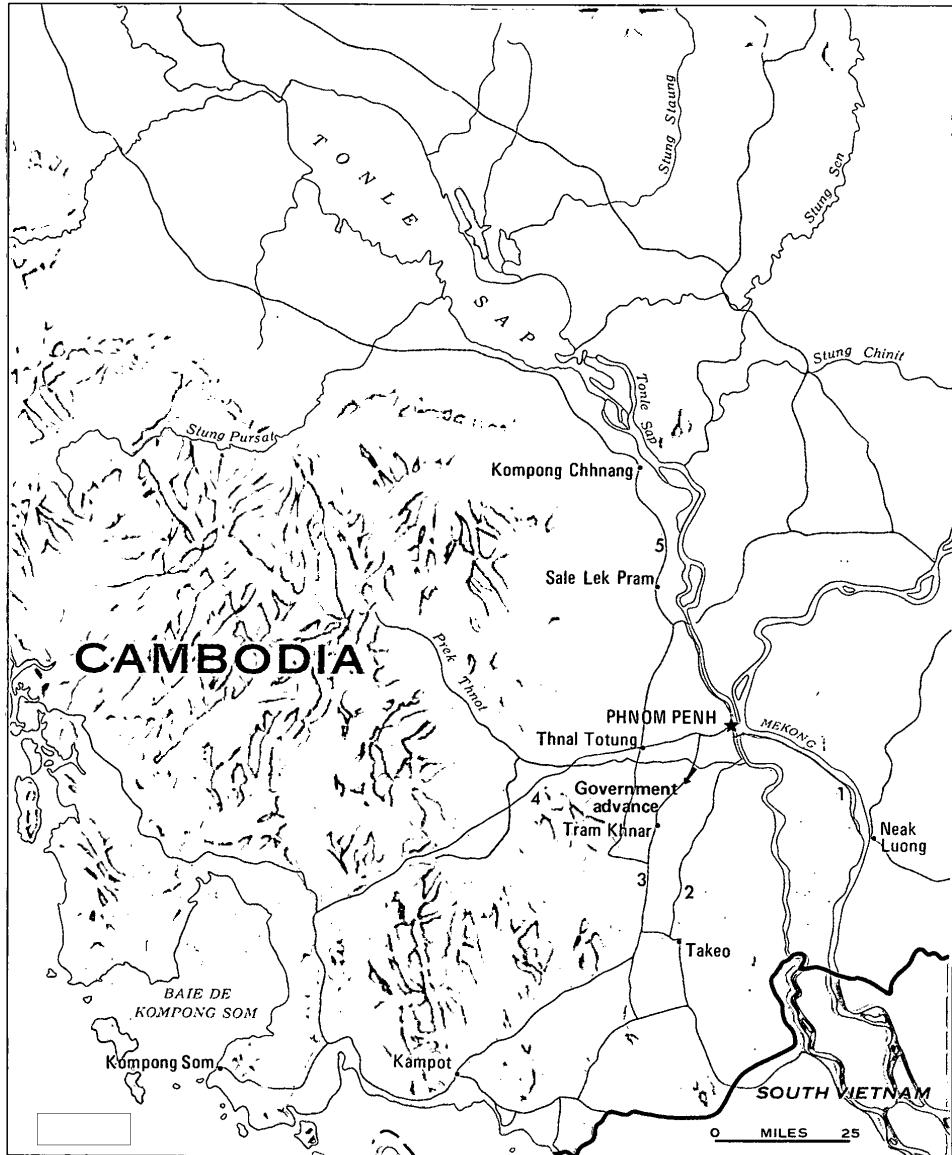
21 May 1973

PRINCIPAL DEVELOPMENTS

The Khmer Communists have initiated little military activity in the last several days, but evidently plan to put heavy pressure on Phnom Penh in coming weeks. (Page 1)

Soviet officials say they expect the level of trade with China this year to remain about the same as in 1972, when it reached \$250 million, a five-fold increase from the low point of two years earlier. (Page 2)

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CAMBODIA

There has been a general lull in Communist-initiated military activity over the last several days, probably because of the need to resupply and move forces before the rainy season.

Recent intercepted Khmer Communist messages indicate that many units are low on ammunition and food, and sickness has weakened others. Other messages indicate that the Communists are shifting some forces from the Takeo area to assist in the campaign along Route 3 and to prepare for attacks on Route 4 west of Phnom Penh. According to an intercept of May 17, the Communists intend to cut Route 4, which has been open since April 9, east of the town of Thnal Totung, and to put heavy pressure on Phnom Penh in the coming weeks.

The Communists continued to give attention to the Mekong River supply route between Phnom Penh and Neak Luong last week as they tried to stop convoys from reaching the capital. Communist fire hit most of the eight ships in the convoy that arrived in Phnom Penh on May 18.

The government is trying to take advantage of the lull to reopen Routes 3 and 5. On May 18, government forces began moving south along Route 3 toward Tram Khnar, but at last report had advanced only about three miles against light Communist resistance. No progress has been reported in a multi-battalion effort to reopen Route 5, which began on Saturday.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHINA-USSR

Sino-Soviet trade last year reached \$250 million, recovering from a low of \$47 million in 1970. Despite this increase, the USSR accounts for only 3 percent of total Chinese trade, compared with 40 to 50 percent during the 1950s.

A Chinese trade delegation arrived in Moscow early last month to negotiate this year's trade agreement. Soviet officials say they expect about the same level of trade this year as last.

There are good economic as well as political reasons why trade is unlikely to increase significantly. The USSR has long since lost the favored trading position it had in the 1950s, and now must compete for the China market with Japan, the industrial nations of Western Europe, and the US. China's access to Western aviation equipment, for example, has eliminated Moscow's virtual monopoly on sales of these items.

Peking also is giving priority attention to acquiring advanced technology from abroad--the kinds of technology that the Soviets are producing for themselves only with the greatest difficulty.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

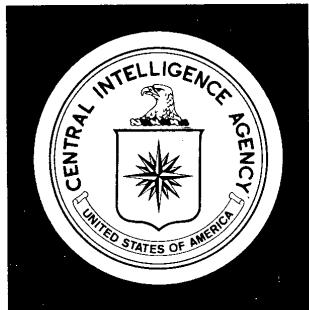
Japan-US: Japan's trade surplus with the US in April was less than half that for the same month last year. Exports to the US decreased slightly--only the second monthly decline in the last six years--and imports, led by foodstuffs, rose by 43 percent. While exports to the US should pick up somewhat in the coming months, imports will continue to grow at a much higher rate, thus continuing the trend of reduced surpluses that began last December.

MBFR: An informal working group of six NATO and four Warsaw countries will begin discussion of the MBFR agenda today. At the plenary session last Thursday, the Polish delegate proposed that the agenda be limited to three items: a description of the scope of the negotiations, the geographic area that will be covered, and the "leading principle" of undiminished security for all participants. NATO participants now seem agreed that it is best to avoid detailed substantive discussions at this time, and the Polish concepts should cause no major problems unless phrases such as "undiminished security" are formulated in an objectionable way.

Lebanon: Prime Minister Hafiz' decision to remain in office should provide a breathing spell in domestic politics. Some minor reshuffling in the cabinet may occur later to accommodate the Muslim community which, according to Hafiz, wants greater representation.

Laos: The cease-fire continues to hold up well. There has been no major fighting since the North Vietnamese attack on Tha Viang over a month ago. Minor skirmishes have occurred southeast of Thakhek in the central panhandle and near Phiafay in the far south. Most major North Vietnamese combat units remain in their normal areas of operation.

Top Secret



The President's Daily Brief

22 May 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

22 May 1973

PRINCIPAL DEVELOPMENTS

The dollar again came under sharp pressure in European currency and gold markets yesterday. (Page 1)

Prospects have improved for the Soviet Union's grain harvest, but the country will still have to import large amounts of grain to meet domestic and export requirements in fiscal 1974. (Page 2)

New passes accrediting Allied military liaison missions to Soviet forces in East Germany--announced by the Soviets last week and supposed to go into effect soon--are the first direct Soviet challenge of Western Allied rights and practices in Germany since the Quadripartite Agreement on Berlin. (Page 3)

25X1

Jordan

25X1

(Page 5)

If Iceland's other appeals for help in the Cod War are rejected, the government may tie a request for Washington's support to US base negotiations. (Page 6)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

The dollar again came under sharp pressure in European currency and gold markets yesterday. In the last two weeks the dollar has depreciated by about four percent against the European joint float currencies, and by almost five percent against the independently floating Swiss franc. Gold closed in London at about \$112 an ounce, up \$7.50 from Friday, and up \$22 since May 7. Traders apparently still are reacting to the US political scene rather than to any new economic development.

If the dollar continues to depreciate, pressures within the European joint float will increase. The currencies participating in the float so far have floated up against the dollar more or less in harmony. If strong differential pressures should develop among the currencies, however, this would be the first test of the members' declared commitment to a common currency.

Despite the rapid appreciation of the mark in recent weeks, it remains at the bottom of the European band and thereby retains more room for further appreciation than its partners in the joint float.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

An early spring and a massive sowing campaign have improved prospects for the Soviet Union's grain harvest this year. Even so, the country will probably need to import large amounts of grain to meet domestic and export requirements in fiscal 1974.

The present outlook is for a total harvest of about 154 million tons of usable grain, 20 million more than last year. This includes 37 million tons of winter grains--a disappointing harvest--and a possible record yield of 117 million tons from the spring sowing now in progress. Projections at this stage are still very uncertain, however.

The total Soviet requirement for grain in fiscal 1974 is estimated at 165 to 170 million tons. Even given this year's expected harvest, the USSR will need an additional 11 to 16 million tons of grain before the fall of 1974.

Moscow has recently contracted for more grain, but major portions of the new purchases are intended to make up remaining shortfalls from the 1972-73 crop year. Thus the USSR will still have to arrange for substantial imports for the 1973-74 year. Indeed, a sharp rise in the wheat futures market on May 17 and 18 in both the US and Canada was sparked partly by rumors of new Soviet purchases of wheat from three major US companies.

FOR THE PRESIDENT ONLY

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USSR - EAST GERMANY

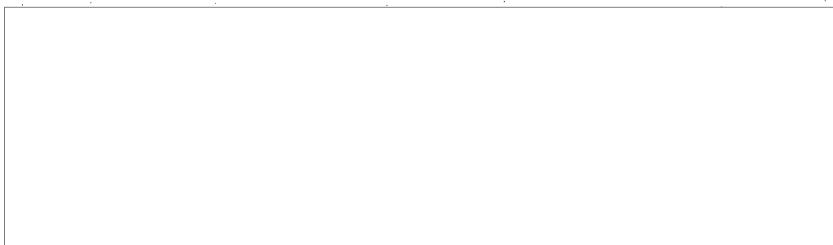
The Soviets announced last week that passes accrediting Allied military liaison missions to Soviet forces in East Germany have been revised. The new passes, which are supposed to go into effect soon for US, UK, and French liaison personnel, authorize travel "in and through the German Democratic Republic," rather than "in the area of stationing of the Group of Soviet Forces, Germany," as has been the case since 1947.

This move is the first direct Soviet challenge of Western Allied rights and practices in Germany since the Quadripartite Agreement on Berlin, and is quite inconsistent with Moscow's effort to regularize the status quo in the interest of detente. Moscow may want to test the Allies' resolve now that they are moving to improve relations with the GDR. The Soviet challenge may also be a pro-forma fulfillment of some sort of pledge to Pankow. Moscow is not likely, however, to push the new passes if faced with a firm Western reaction.

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USSR-MOROCCO



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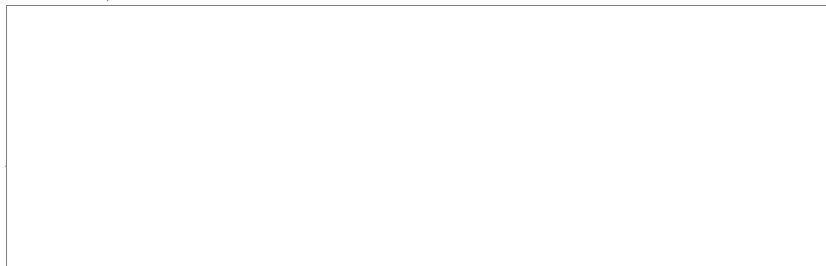
Two Soviet ships carried some Moroccan military equipment and possibly troops to Syria in late April.

The Soviet reversal may reflect Moscow's wish to exercise caution prior to the UN Security Council debate on the Middle East and the summit meeting in the US.

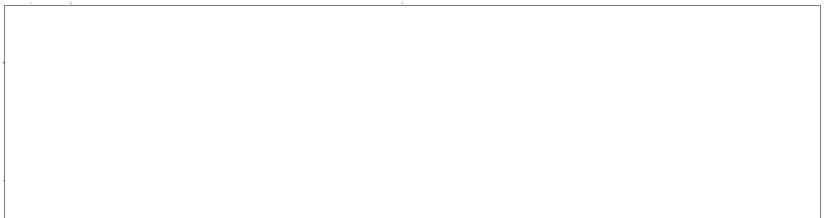
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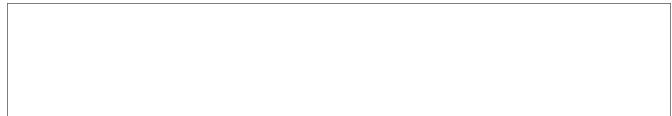
JORDAN



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ICELAND-UK

Over the weekend two British frigates escorted the British fishing fleet inside Iceland's 50-mile limit. Reykjavik ordered its coast guard not to engage the British ships, but closed all Icelandic airfields to British military aircraft. Reykjavik has also recalled its ambassador in London.

Iceland's UN representative has been instructed to "take soundings" on a special Security Council meeting, despite suggestions from some of the NATO allies that Reykjavik seek a solution first through the NATO secretariat. The government believes it could get the dispute on the Council's agenda. Reykjavik fully expects a British veto, but may make the attempt to garner sympathy and support for its position.

The Communist ministers in the government are trying to involve the Soviet Union and Eastern Europe in the dispute. Fisheries Minister Josefsson, currently visiting Warsaw en route home from Moscow, reportedly has asked his hosts for a coast guard cutter to supplement the small Icelandic force.

If all of Iceland's appeals for help are rejected, the government may tie the US base negotiations directly to a request that Washington support Reykjavik in the dispute.

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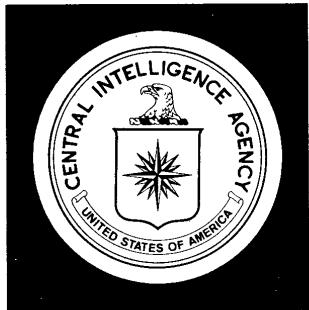
FOR THE PRESIDENT ONLY

NOTE

North Korea - UN: North Korea reportedly has applied to Secretary-General Waldheim for observer status at the UN. Given Pyongyang's recent admission to the World Health Organization, Waldheim probably will approve the request.

FOR THE PRESIDENT ONLY

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The President's Daily Brief

23 May 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

23 May 1973

PRINCIPAL DEVELOPMENTS

[redacted] Conference on Security and
Cooperation in Europe. (Page 1) 25X1
25X1

In the last few days, pressure on the dollar appears
to have been coming from US traders and Middle Eastern sellers. (Page 3)

The Communists appear to have launched an offensive
designed to take the Cambodian Government's Mekong
River base at Neak Luong. (Page 4)

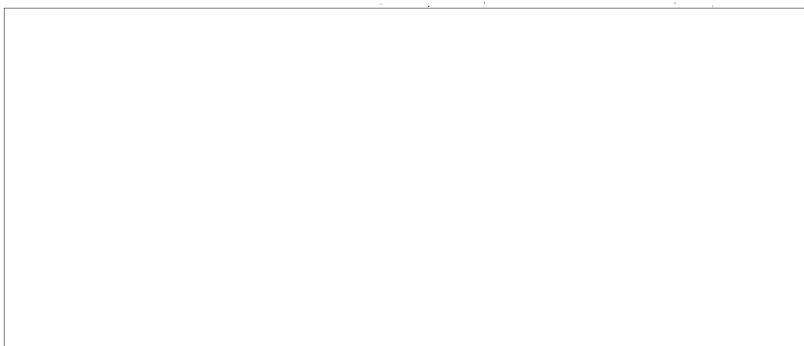
There is heavy fighting in South Vietnam around Kon-
tum City, resulting from a government effort to
clear Communist forces from the area. (Page 5)

The North Vietnamese Government appears to be putting
increasing emphasis on reconstruction. (Page 6)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR



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The Soviets first raised the idea of a month's lag between CSCE and MBFR in recent talks with Dr. Kissinger. At that time they spoke of an end to CSCE in September, and of possible MBFR negotiations in October.

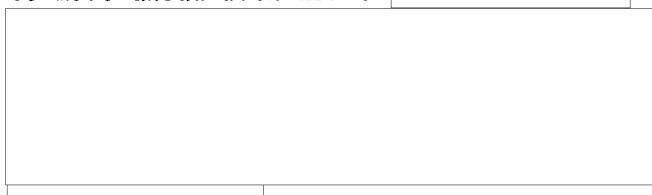
The Soviets have always attached primary importance to CSCE, rather than to the force reduction talks that interest the West more.

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Most Western allies believe, however, that only while CSCE negotiations are still going on will the Soviets have an incentive to move ahead with MBFR.

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INTERNATIONAL MONETARY DEVELOPMENTS

Swiss bankers and other currency dealers say that large New York banks and other US corporations made heavy dollar sales in the last few days for Swiss francs. Other European bankers are claiming that most of the pressure on the dollar is coming from sellers in the Middle East who are shifting their holdings into gold.

The dollar recovered only slightly yesterday in light trading on European money markets, in a day of profit-taking. Reacting to the uneasiness in Europe, traders in Tokyo pushed the dollar down to its lowest level relative to the yen in two months.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CAMBODIA

The Khmer Communists appear to have begun an attack designed to take the government's Mekong River base at Neak Luong. They probed government defensive positions on three sides of the town early on May 22 and rocketed its center. After US air strikes enemy activity subsided. Other Communist units struck government positions on the Mekong midway between Phnom Penh and Neak Luong on the same day, causing the evacuation of one government brigade from the area. The Communists are also preparing for attacks on the junction of Routes 3 and 4 in the vicinity of Phnom Penh.

Should Neak Luong fall, the capital's Mekong River supply route would be effectively closed. In such an event, the Communists could be expected to increase their efforts to cut Phnom Penh's overland supply routes.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

A US officer in Kontum City reports that there has been "heavy fighting" between South Vietnamese regulars and Communist forces about ten kilometers northwest of the city for more than a week. The South Vietnamese have not referred to the fighting in their daily briefings,

25X1

MR-2 commander General Toan has brushed aside attempts by the acting US Consul General in Nha Trang to discuss the situation in the area, describing the action as "light." He reportedly has, however, requested permission from Saigon to conduct air strikes against an 80-truck enemy convoy carrying an estimated 2,400 troops spotted about 25 miles to the northwest, moving toward the fighting.

* * *

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FOR THE PRESIDENT ONLY

NOTES

North Vietnam: The North Vietnamese evidently are putting increasing emphasis on reconstruction goals. Billboards have appeared in Hanoi urging young men to join "reconstruction brigades." The signs apparently replaced military recruitment posters, which suggests that the construction program has a higher priority than conscription. The North Vietnamese Army apparently will play a leading role in the rebuilding program. An editorial of May 16 in the army newspaper referred to local militia and self-defense forces as the first military units to join in the recovery effort. The editorial urged these units to take on especially difficult and long-term work such as land reclamation and irrigation projects.

China:

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Top Secret



The President's Daily Brief

24 May 1973

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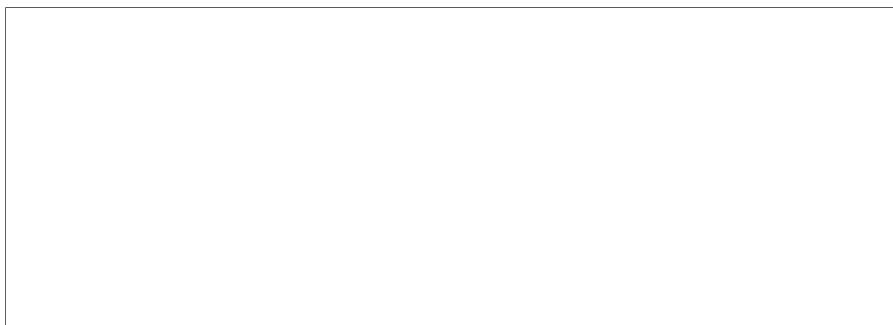
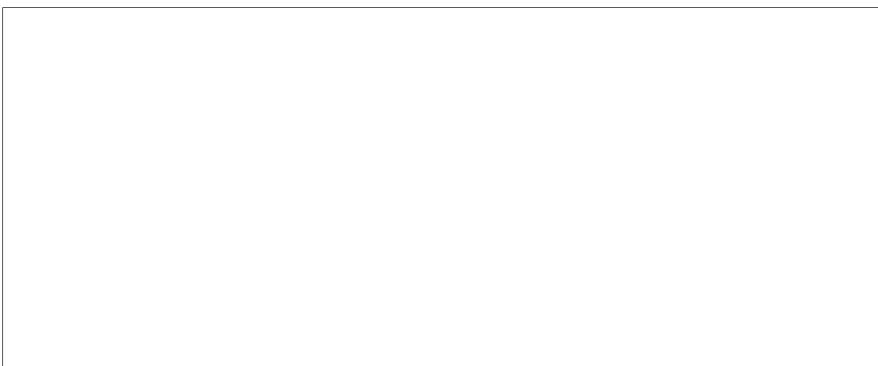
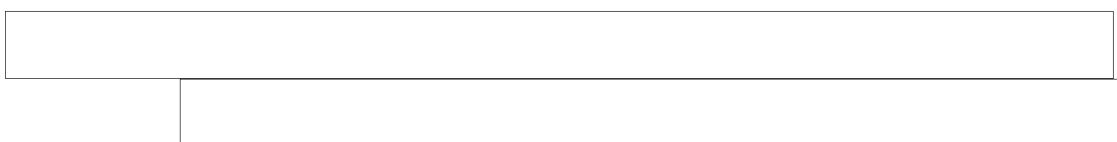
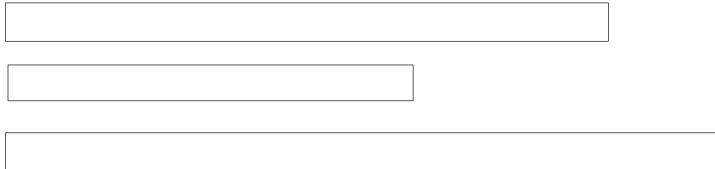
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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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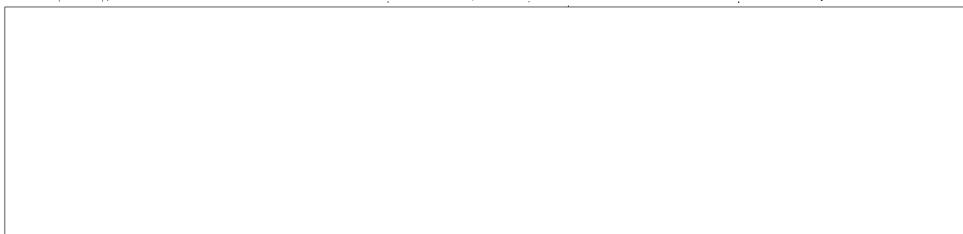
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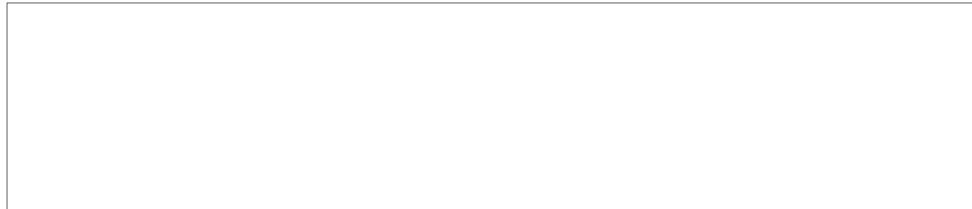


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May 22, 1973



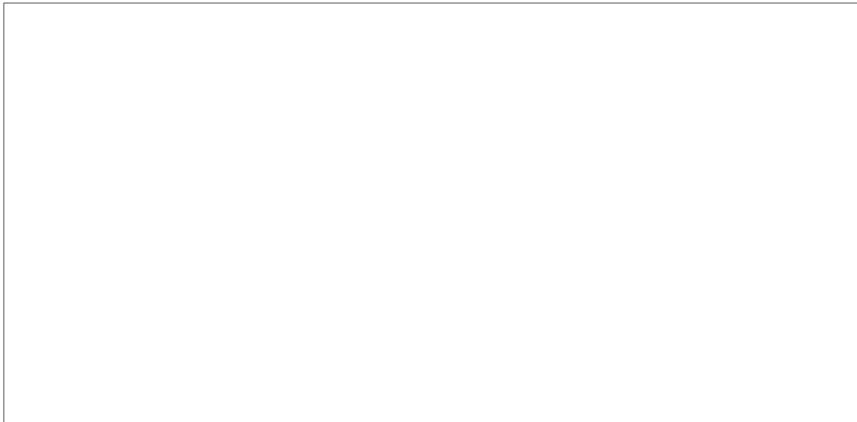
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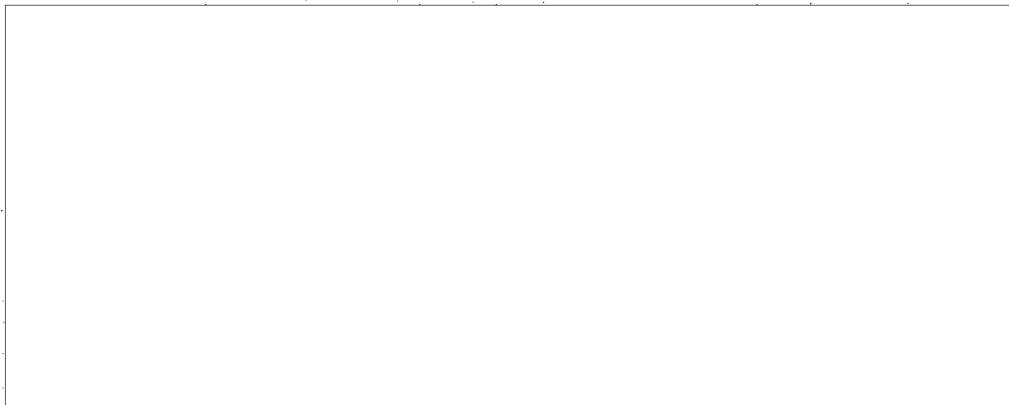


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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

24 May 1973

PRINCIPAL DEVELOPMENTS

Qadhafi may be preparing to use US reconnaissance flights off the Libyan coast as the basis for a diplomatic offensive against the US. (Page 1)

Fatah leader Yasir Arafat has warned Lebanese authorities that the guerrillas will resist anything other than token implementation of last week's agreement on demilitarizing refugee camps. (Page 2)

[West Germany]

25X1

(Page 3)

The ten-year Soviet-German economic cooperation agreement signed on May 19 attests to the importance both sides put on the economic aspects of Brezhnev's visit to West Germany. (Page 4)

Moscow, faced with a heavy trade deficit, reportedly has been selling gold on the Zurich market this year. (Page 5)

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LIBYA

Qadhafi may be preparing to use US reconnaissance flights off the Libyan coast as the basis for a diplomatic offensive against the US.

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In recent speeches, Qadhafi has denounced what he calls the repeated provocations by US warships and aircraft that he claims have violated Libyan waters and airspace. None of the fighter-escorted US reconnaissance missions has approached Libya's officially claimed 12-mile territorial limit, though they have penetrated the 100-mile "restricted zone" declared by Tripoli last year. Libya now regards this zone as its own air and sea space, and Qadhafi will presumably claim that the presence of US ships and aircraft within the restricted area is an act of aggression.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LEBANON-FEDAYEEN

Fatah leader Yasir Arafat has warned Lebanese authorities that the guerrillas will resist anything other than token implementation of provisions of the agreement calling for substantial demilitarization of the Palestinian refugee camps.

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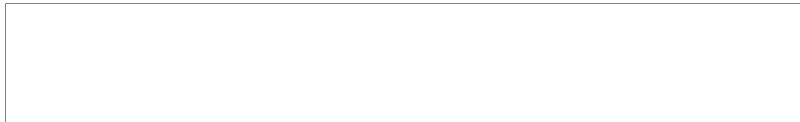
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Arafat's tough talk may have been intended to test the government's resolve to enforce the new restrictions. The army, however, seems likely to try to remove from the camps at least some of the rocket launchers and mortars that fired on Lebanese positions earlier this month.

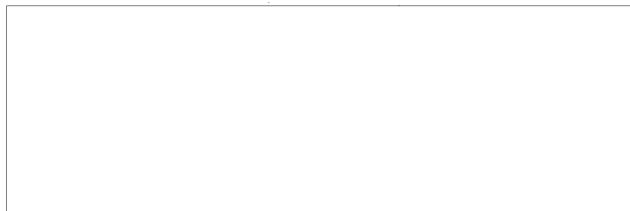
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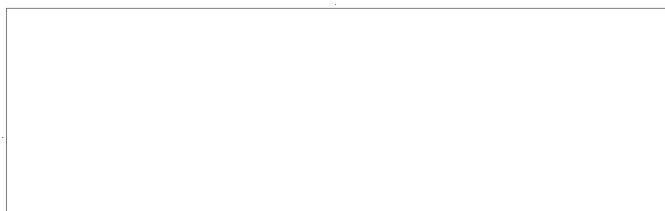
WEST GERMANY



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR - WEST GERMANY

The ten-year economic cooperation agreement signed on May 19 attests to the importance both sides put on the economic aspects of Brezhnev's visit. Brezhnev and Brandt reportedly spent considerable time talking about possible large joint Soviet - West German projects. In discussions with West German industrialists and bankers, the Soviet leader stressed the USSR's desire for long-term cooperation with West Germany in the exploitation of Soviet natural resources.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

Moscow, faced with a heavy trade deficit, has been selling gold on the Zurich market this year, [redacted] The Soviets have sought to borrow as much as \$1 billion in Euro-dollars [redacted]

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[redacted] Last year the Soviets sold about \$270 million worth of gold on the Zurich market.

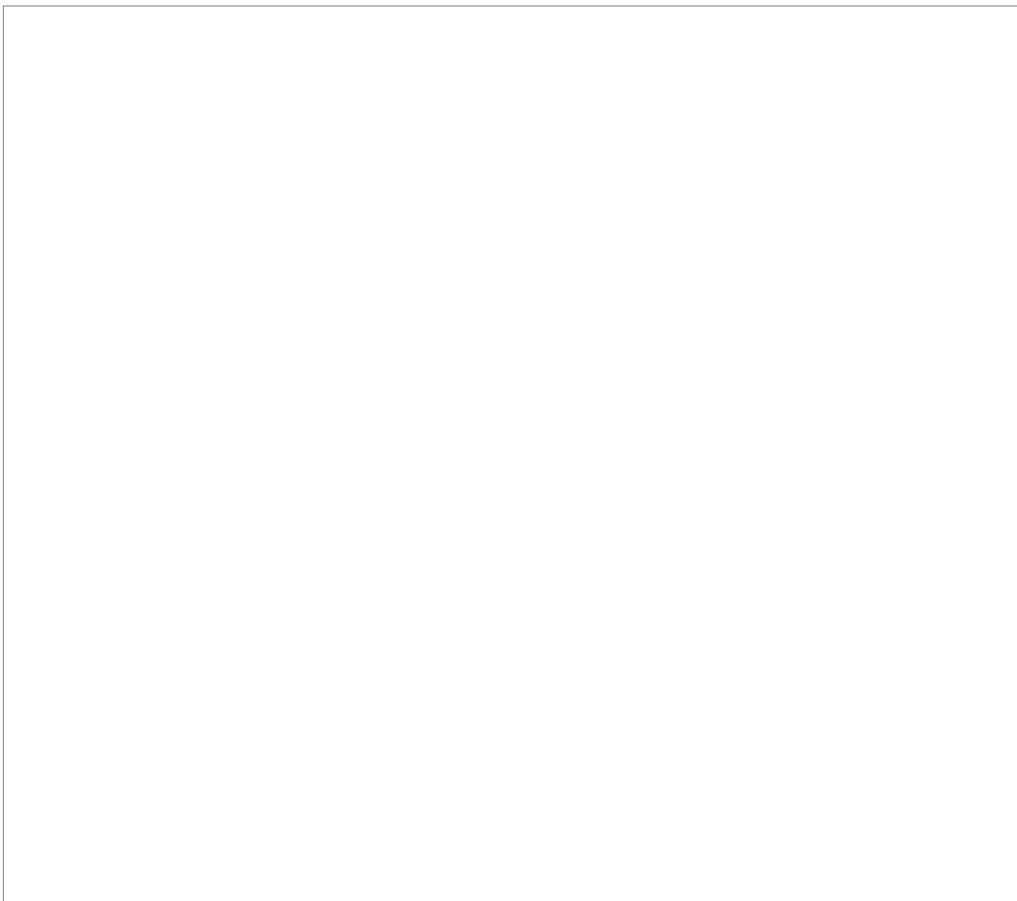
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The Soviet trade deficit could reach a record \$2 billion this year--swollen mostly by contracts to buy \$1.8 billion in grain from the West. Favorable credit terms cover only a minor part of these purchases.

Moscow's large gold reserves and current production could go far toward financing even this projected deficit, especially if gold prices remain near their present levels. At \$100 per ounce Soviet gold reserves are worth about \$5.8 billion. Current production is worth about \$820 million a year and is continuing to expand.

FOR THE PRESIDENT ONLY

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FOR THE PRESIDENT ONLY

NOTES

China:

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The Chinese are also providing more military equipment to border units. The troops for these expanded positions evidently come from within the regions involved; no large-scale movement of troops from other areas of China has been detected since 1971. The Chinese have an estimated 1.4 million troops in the four border regions, of whom 1.2 million are in combat or combat support units.

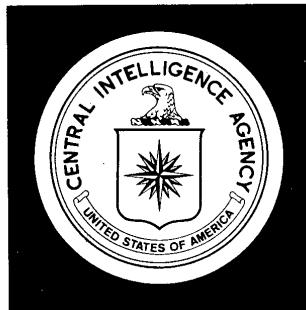
Peru:

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The President's Daily Brief

25 May 1973

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WASHINGTON, D.C. 20505



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May 25, 1973



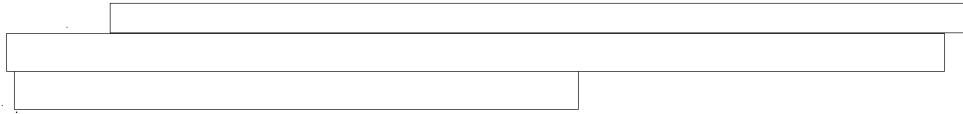
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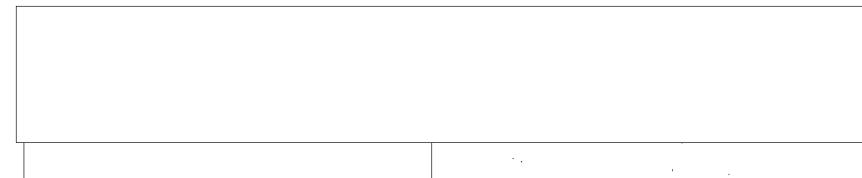
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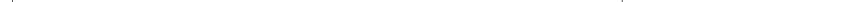


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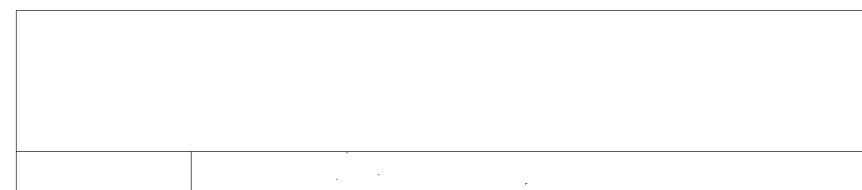


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EYES ONLY FOR THE PRESIDENT

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EYES ONLY FOR THE PRESIDENT

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

25 May 1973

PRINCIPAL DEVELOPMENTS

On *Page 1* we appraise the outlook for Argentina under the Peronists, who return to power today with Hector Campora's inauguration as president.

Many NATO members are increasingly skeptical about Soviet intentions on proceeding with MBFR. (*Page 3*)

The Thai leadership has once again sidestepped the succession issue by extending the military duties of Prime Minister Thanom and his deputy. (*Page 4*)

Algeria's Boumediene shows growing concern over Qadhafi's militancy and Libya's proposed merger with Egypt. (*Page 5*)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ARGENTINA

The Peronists are returning to power today with more moderate policies than those of 18 years ago, but Peron's long-held nationalism and anti-US bias will soon be evident.

Since he was elected president on March 11, Hector Campora has steered a course of moderation in domestic politics. He continues to woo the middle-class Radical Party, Argentina's second largest, and apparently still hopes to entice one or two Radicals into his cabinet. He has been less forthcoming with the armed forces but has made no deliberate moves to antagonize them. In naming new commanders for the three services, he will probably select from the group of senior officers that the high command deems eligible.

In the area of foreign policy and the treatment of multi-national corporations, Campora has given clearer guidance on his--and Peron's--intentions. He has announced that the establishment of relations with Cuba will be one of his first actions, and recognition of North Vietnam, North Korea, and East Germany is likely to follow soon. The Peronists can also be expected to move Argentina into the forefront of those who want a reorganization of the OAS that would exclude the US.

Both Campora and Peron have stated many times that foreign investment is needed if Argentina is to make significant economic progress. At the same time, however, they have made it clear that new restrictions will be placed on profits and activities of foreign businesses. US oil companies, banking interests, and especially ITT may feel the pinch.

So far Campora has given no indication that he is capable of acting independently of his mentor. Peron, however, will probably try to leave domestic policy and the day-to-day running of the government to Campora and his associates. Peron's primary interest seems to be in foreign policy and in pushing for Latin American unity in nationalism and socialism. He seems intent on assuring his place in history as a true Latin American revolutionary. After an initial period of consolidation, he may seek to move Argentina toward more radical policies to give this claim credibility.

(continued)

FOR THE PRESIDENT ONLY

The first real test of the new government's "revolutionary" credentials may develop out of the action of the Trotskyist Peoples Revolutionary Army in extorting \$1 million worth of supplies from the Ford Motor Company. The Trotskyists probably will use any official opposition to such moves as justification for attacking the Peronists as they did the military regime.

FOR THE PRESIDENT ONLY

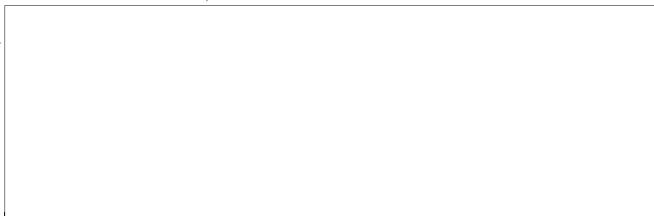
FOR THE PRESIDENT ONLY

MBFR-CSCE

Recent Soviet statements have added to the doubts of many NATO members that Moscow is in earnest about MBFR. They believe that the Soviets, by insisting that force reduction talks cannot begin until the security conference is ended, have departed from an earlier understanding that the first stage of CSCE should begin in late June and MBFR in September or October. They contend that unless a strong representation is made to Moscow soon, the West will lose the leverage it has obtained in MBFR by not letting CSCE advance too rapidly.

The British have been particularly blunt. A Foreign Office official says that London fears that the US, in an attempt to get MBFR under way in September or October, might put pressure on its allies to move through CSCE rapidly. He urges the US to make it clear to the Soviets that their proposed scheduling is unacceptable.

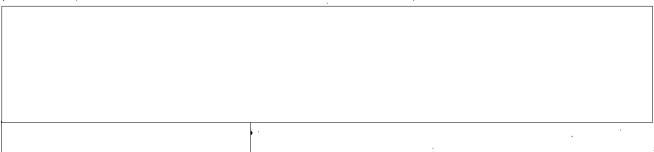
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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

THAILAND

The Thai leadership has extended for another year the military duties of both Prime Minister Thanom and his deputy, General Praphat, thereby again sidestepping the potentially troublesome succession issue.

Thanom's retention of his largely ceremonial post as Supreme Commander of the Armed Forces--this is his third extension--is probably at the urging of Praphat. Had Thanom stepped down, Praphat would have moved up and would have been under heavy pressure from the military to turn over command of the army, which is his power base, to his deputy and potential rival, General Krit Sivara.

Thanom had already announced last January that he intended to stay on as prime minister. His and Praphat's continuation in their present roles ensures that Thailand's attack on its most urgent problem--the Communist-led insurgency--will not be pressed vigorously and consistently.

The insurgency has been contained so far, but its containment over the long run depends largely on Bangkok's effectiveness in solving fundamental economic problems. The present leadership has shown little interest in developing and implementing long-range economic policies that could undercut the insurgent potential.

FOR THE PRESIDENT ONLY

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ALGERIA-LIBYA-TUNISIA

Prime Minister Boumediene has become increasingly concerned about Middle East developments, particularly Qadhafi's militancy and Libya's proposed merger with Egypt.

Boumediene remains committed to a sharply different course than that espoused by Qadhafi and maintains that the individual Arab states should each develop a strong, independent economic base before directly challenging Israel. Qadhafi's constant badgering of those Arabs who "neglect" the struggle has irritated Boumediene, who believes the struggle should be considered long-term and waged mainly by means of guerrilla warfare.

Boumediene's concern over Qadhafi is driving Algeria closer to Tunisia, and Boumediene recently proposed a union between the two countries. Although such a union seems unlikely in the foreseeable future, the two may consult more closely on common problems, including common responses to problems created by Qadhafi.

Both Boumediene and Tunisian President Bourguiba recognize Qadhafi's potential for causing instability in the Maghreb, and they believe that Libya's merger with Egypt might entangle North Africa too deeply in Middle East problems. They also fear the extension of Egyptian influence westward at their own expense.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

Australia: The Labor government hopes to gain at least limited participation in the operation of the US naval communications station at Northwest Cape when talks on its status begin in Washington on June 11. Northwest Cape is the only US defense installation in Australia in which Canberra does not participate. The government would like to have some change well in hand before the Labor Party conference in July in order to undercut an expected renewal of leftist pressure on the US bases question.

Greece: An abortive plot by naval officers discovered Wednesday is symptomatic of growing dissatisfaction within the armed forces. The government states that retired and active officers planned to take over three ships, sail them to sea, and transmit an ultimatum to Papadopoulos to resign.

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India: New Delhi reportedly has instructed its embassy in Washington to place orders for 3 million tons of US grain. It is now clear that this year's harvest will be considerably below earlier expectations.

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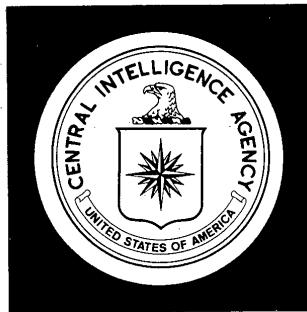
new purchases will not have any early effect on the worsening food situation in a number of Indian states. Civil disturbances caused by insufficient grain in government ration shops are likely to continue and possibly grow worse.

World Trade: At a meeting in Paris this week of the OECD, the countries that will be going into trade negotiations with the US later this year approved the general thrust of the US trade reform bill.

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The President's Daily Brief

26 May 1973

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THE PRESIDENT'S DAILY BRIEF

26 May 1973

PRINCIPAL DEVELOPMENTS

Iceland

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(Page 1)

Yugoslav

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(Page 2)

The North Vietnamese theoretical journal, Hoc Tap, claims that Hanoi had no choice but to mount a big unit war and admits that the Paris Agreement was the best Hanoi could do in view of the "balance of forces between us and the enemy." (Page 3)

In Chile, the costly strike at the El Teniente copper complex is entering its sixth week. (Page 4)

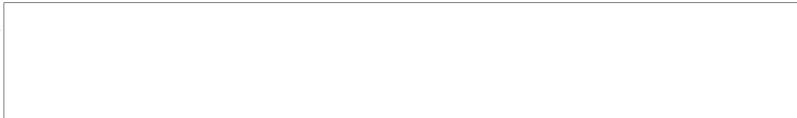
In response to the US paper on MBFR, Bonn has tentatively opted for an initial reduction of 10 percent in stationed ground forces followed by a cut in indigenous ground forces. (Page 5)

At Annex, we discuss the weakening economic and political situations in Chile.

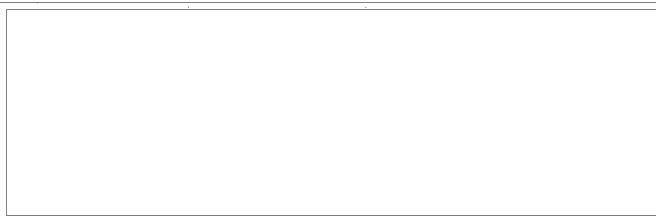
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FOR THE PRESIDENT ONLY

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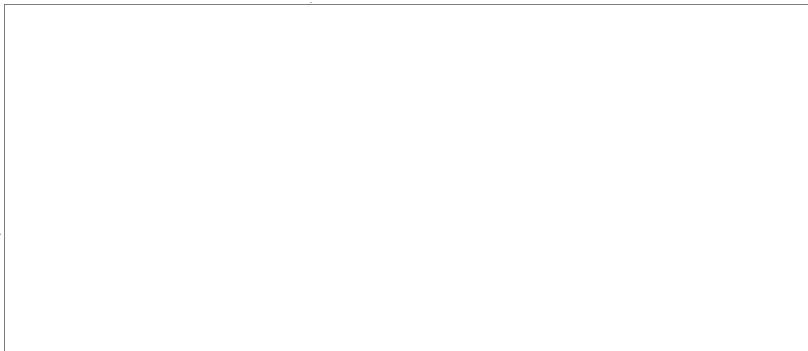


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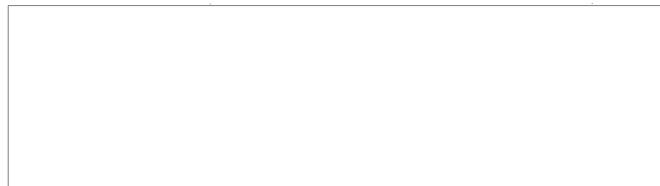
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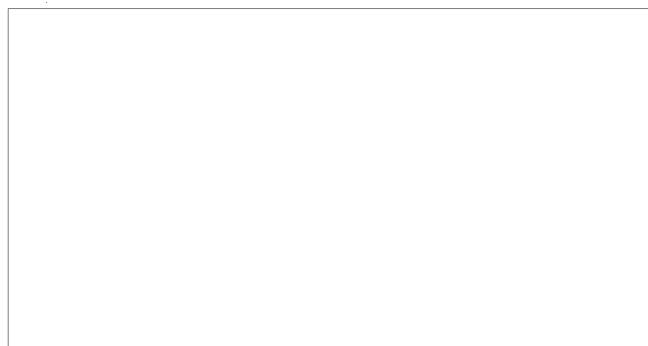
YUGOSLAVIA



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NORTH VIETNAM

The North Vietnamese theoretical journal, Hoc Tap, has published a candid and somewhat defensive explanation of the "main force" strategy of party First Secretary Le Duan. The article claims that Hanoi had no choice but to mount a big unit war in the South in the face of heavy US involvement. It admits that the Paris Agreement was the best Hanoi could do in view of the "balance of forces between us and the enemy."

The article contains the usual praise for the "major military efforts" that contributed greatly to the Communists' "success." Its principal message seems to be, however, that the over-all goal of the war was US withdrawal, and with that accomplished Hanoi intends to pursue different tactics.

The article gives no indication that Le Duan's own position is endangered.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHILE

The costly strike at the El Teniente copper complex is now entering its sixth week. It has severely damaged the Allende government's chances of improving its shaky foreign exchange position. The domestic political fallout now involves an effort by the opposition Christian Democrats to impeach the ministers of mining and labor.

This is only a small sampling of the problems now converging on Allende. The weakening political and economic situations in Chile are examined in greater detail at Annex.

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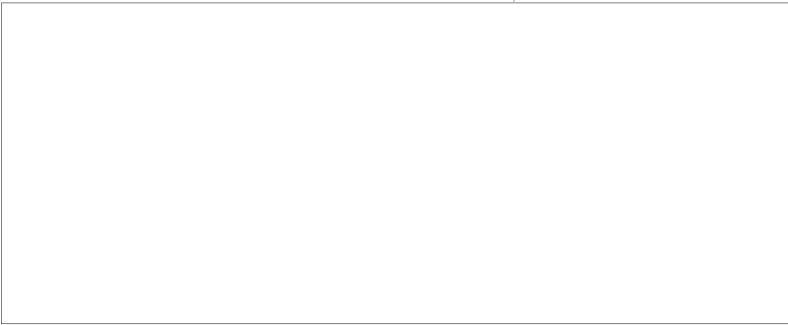
FOR THE PRESIDENT ONLY

WEST GERMANY - MBFR

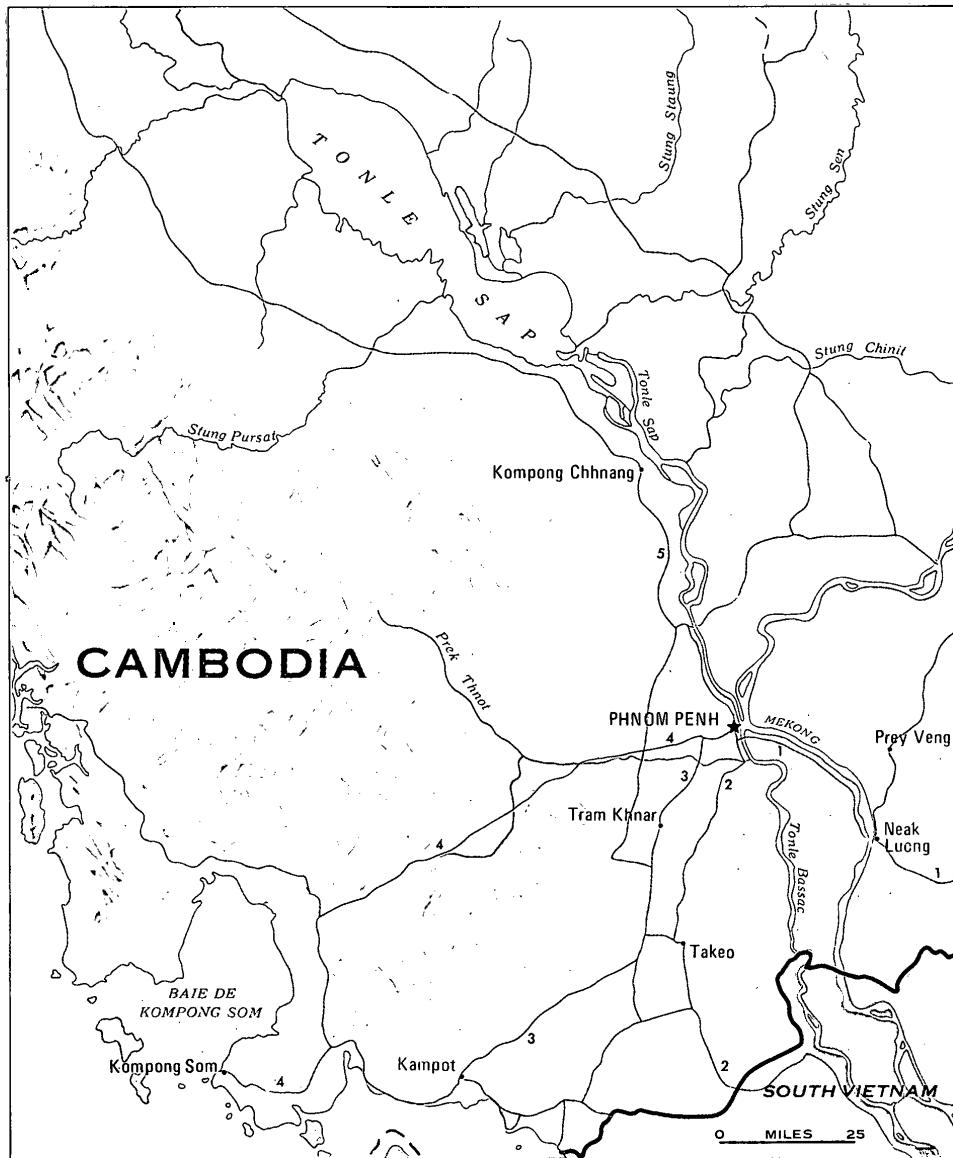
In response to the US paper on MBFR, Bonn has tentatively opted for an approach that calls for an initial reduction of 10 percent in stationed ground forces followed by a cut in indigenous ground forces.

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Other NATO members who have commented on the paper are leaning toward this view.



FOR THE PRESIDENT ONLY



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NOTES

Argentina: President Campora's cabinet is composed primarily of moderate Peronists. The economic portfolios in particular have gone to well-known figures who have advocated avoiding radical change. Peron's private secretary, Jose Lopez Rega, who has been named Minister of Social Welfare, is likely to be the conduit between Campora and Peron and could emerge as the strongest member of the government.

China: [redacted] 25X1
Lop Nor nuclear test site shows that test preparations at GZ-5--the new ground zero--are well along.

Cambodia: The arrival of reinforcements and munitions has eased the situation at the government's Mekong River base at Neak Luong. Small Khmer Communist units continue to shell and probe government positions on both sides of the river near Neak Luong and around Prey Veng City to the north, but all positions are said to have held. Intercepts continue to reflect Communist intentions to carry out coordinated attacks against Routes 2, 3, and 4 near Phnom Penh; some messages suggest the attacks will start early next month.

USSR-Egypt: The Soviets have announced that their trade with Egypt dropped by about 20 percent in 1972, the first such decline since the 1950s. The Soviets did not list the causes, but a number of largely unrelated factors appear to have been involved, including a drop in Egyptian crude oil production, a decrease in economic aid shipments, and the diversion of some Egyptian cotton from the USSR to hard currency markets. The Soviet military withdrawal last summer was also a factor, because the USSR records some military-related shipments in its non-military trade figures.

FOR THE PRESIDENT ONLY

CHILE: CONTINUED ECONOMIC AND POLITICAL DETERIORATION

The demonstrated ability of the Chileans to retreat from the brink of political chaos may be approaching its most severe test. Even political veterans like the Chilean Communists fear that tensions are near the breaking point and that the economic strains of the coming winter months may set off wide-scale violence and perhaps a military coup.

At the heart of the matter is the interaction among a variety of disruptive economic and political factors. None is new, but many are more pressing now than they were during the strikes and shutdowns last October when President Allende coped with his worst crisis to date.

--Economic disintegration continues in all sectors. Most nationalized enterprises are losing money. They are poorly managed and their workers undisciplined. Strikes are prevalent.

--The most costly strike--at the big El Teniente copper complex--is entering its second month. It has already cost Chile millions in lost exports.

--The copper miners have long been Chile's highest paid workers, and Allende cannot give in to their wage demands without touching off similar demands from other workers.

--Inflation is running at a rate of over 200 percent a year.

--Food shortages continue and will grow worse in the coming months.

--Political bitterness is mounting as Chileans become more rigidly polarized into pro- and anti-government camps. Opposition losses in the March elections have led many to despair of legally recapturing political power in the presidential elections of 1976.

--Both the government and opposition camps include violence-prone fringe groups.

The increasing political polarization, of course, has reduced Allende's ability to exploit the Chilean predilection for political compromise. His room for maneuver even among the contending political factions in his own coalition has been reduced

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as a result of the elections last March. The strong showing by the more radical Socialists and the growing influence of leftist extremists have made it more difficult for him to consolidate power through the relatively cautious means he and the pragmatic Communists have favored.

For its part, the opposition still has a slim majority in Congress, but it is not a cohesive force. On the extreme right is the Fatherland and Freedom Group, which is now renewing its plotting with civilians and military officers for Allende's overthrow. It has little support in the National Party and is anathema to the Christian Democrats. Its activities seem likely to accomplish little beyond bolstering the government's claim that Chile is threatened by fascist sedition and civil war.

Leaders of the armed forces are caught in the middle. They retain their firm commitment to constitutionality and their gratitude to Allende for improving substantially the armed forces' material benefits as well as in enhancing their role in the country. Yet they are being drawn more and more to the conclusion that Allende's policies are ruinous and that the military will ultimately be called to play a crucial role in setting things right.

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The key military figure is still army commander General Carlos Prats, whose continued support is vital to Allende. Many of his subordinates look to him as the only man who might be able to stand up to Allende and force him to modify his policies. Prats himself has probably given thought to the idea that under some circumstances he might actually have to replace Allende.

One of Prat's biggest fears is that an abortive coup attempt might provoke widespread violence, critically split the armed forces and thus eliminate the military as a restraint on Allende.

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The President's Daily Brief

28 May 1973

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THE PRESIDENT'S DAILY BRIEF

28 May 1973

PRINCIPAL DEVELOPMENTS

The crippling of a British trawler on Saturday underscores Iceland's determination not to resume fishing negotiations as long as UK warships remain in the disputed area. (Page 1)

Peking [redacted] offered to discuss the Thai insurgency with Bangkok. (Page 2)

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ICELAND

The crippling of a British trawler on Saturday underscores Iceland's determination not to resume fishing negotiations as long as UK warships remain in the disputed area. All political parties as well as the general public support this position. On Friday, Reykjavik rejected a Norwegian offer to mediate and is now considering raising the issue in the UN and NATO. The Icelanders would seek condemnation of the UK's introduction of warships into the 50 mile zone, or failing that, at least obtain a forum for airing their complaints.

Government and opposition spokesmen continue to press for a "positive US role" in resolving the crisis and to warn that Washington's failure to act could have a negative impact on negotiations concerning the base at Keflavik.

Threats by some leaders that Iceland may withdraw from NATO--on grounds that it failed to prevent the British "invasion"-- seem premature. Further incidents at sea, however, are likely, particularly as the US-French summit nears.

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CHINA-THAILAND

Peking has offered to discuss
the Thai insurgency with Bangkok.

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NOTE

South Vietnam:

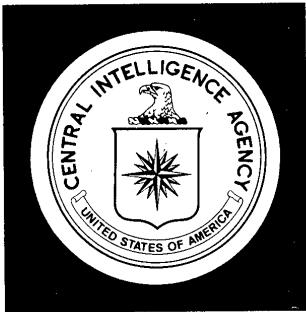
[redacted] the SA-2 unit at Khe Sanh
fired at an SR-71 reconnaissance aircraft on May 27
but missed it. This was the first known firing by
the SAM unit since it moved into South Vietnam just
prior to the cease-fire last January.

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The President's Daily Brief

29 May 1973

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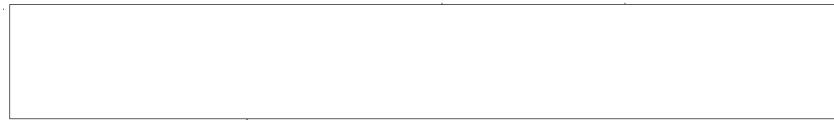
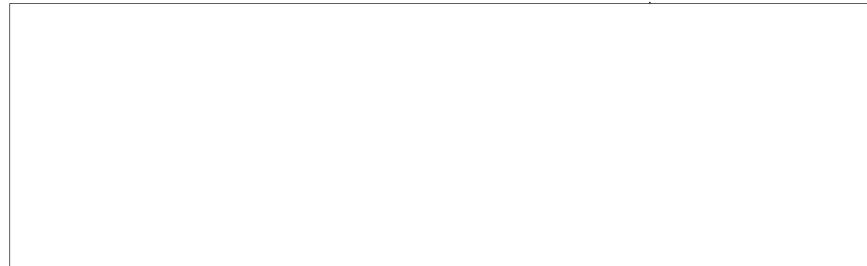
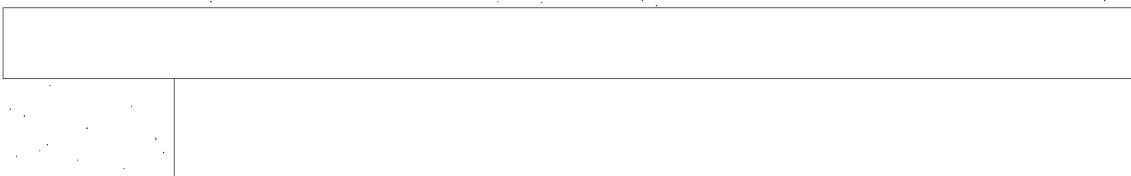
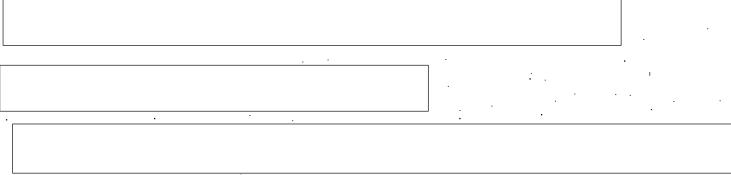
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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

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May 29, 1973



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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

29 May 1973

PRINCIPAL DEVELOPMENTS

Iceland has asked for a special NATO meeting today. It hopes that the alliance will secure the withdrawal of British naval vessels from the disputed waters. Iceland's cabinet may decide on further moves today, but the foreign minister expects that there will be no formal request for renegotiating the base treaty at least until after President Nixon's visit this week. (Page 1)

The Communists have shifted two major logistic units from Laos and Cambodia into South Vietnam's western highlands. A new road corridor there will be less affected by the heavy rains in the summer months. (Page 2)

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FOR THE PRESIDENT ONLY

ICELAND

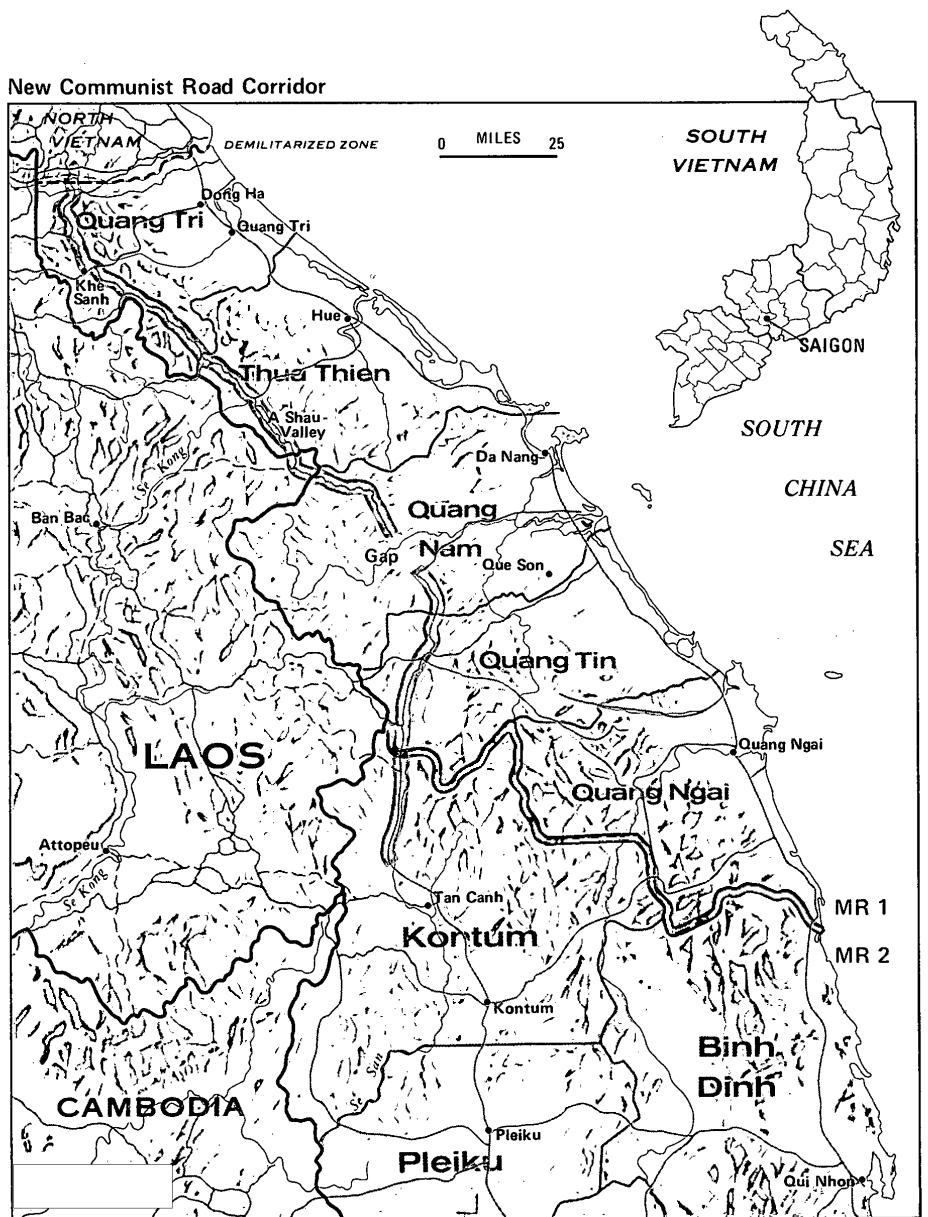
The government decided yesterday to take its case against the British to NATO, and may decide to petition the UN Security Council on the subject today. According to a NATO official, Iceland requested that the North Atlantic Council hold a special meeting this morning and plans to ask the Council to see that British naval vessels are withdrawn.

Foreign Minister Agustsson told Ambassador Irving yesterday that he and Prime Minister Johannesson will face stiff opposition in today's cabinet session in trying to beat back a demand to invoke Article VII of the US treaty--which provides for the start of negotiations on the status of the NATO base. Nevertheless, he expressed confidence that such a move could be postponed until after President Nixon's visit, and possibly until after the NATO ministerial meeting in mid-June.

Although Agustsson claimed that anti-NATO and anti-base elements remain in control of the government, the situation in respect to the base seems to have improved somewhat since he returned to Iceland last Thursday. He may succeed in postponing the invocation of Article VII by supporting the appeal to the UN.

Communist Fisheries Minister Josefsson, back from a visit to Eastern Europe, can be expected to lead the movement to review the base agreement now unless the US and NATO oppose the British "aggression." Popular sentiment is with him, and those opposing him risk political oblivion.

FOR THE PRESIDENT ONLY



FOR THE PRESIDENT ONLY

SOUTH VIETNAM

The Communists have shifted two major logistic units from southern Laos and northeastern Cambodia into the western highlands of central South Vietnam.

These units probably will take charge of the growing logistic network inside South Vietnam. A new road corridor the North Vietnamese have been building from the Demilitarized Zone into the central part of the country is scheduled for completion by the end of May.

This system lies east of the mountains and will be less affected by the heavy rains that render much of the infiltration corridor through Laos and Cambodia impassable during the summer months. Supply activity along the traditional route has already begun to slow with the beginning of the rains.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTE

Cambodia: A resupply convoy from South Vietnam consisting of ten vessels, including six with POL supplies, met intense Communist fire south and north of Neak Long yesterday, but reached Phnom Penh without sustaining any major damage. The capital now has sufficient fuel stocks to last until June 7, when the next convoy is scheduled to arrive.

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The President's Daily Brief

30 May 1973

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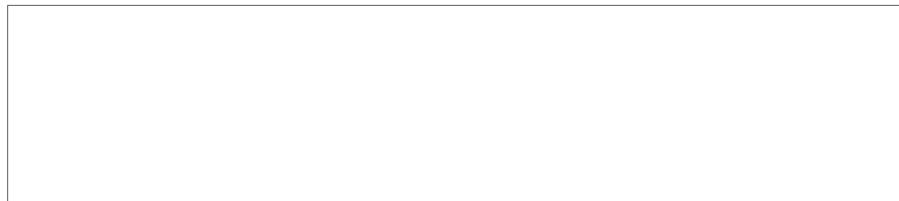
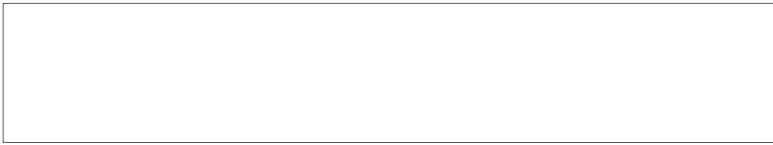
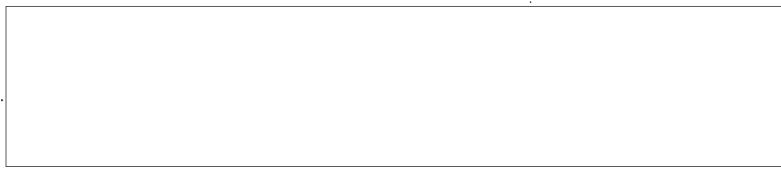
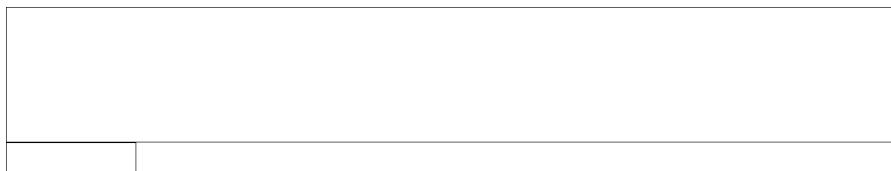
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WASHINGTON, D.C. 20505

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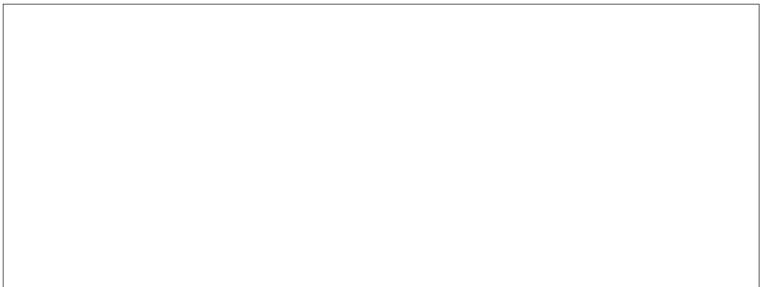
May 30, 1973



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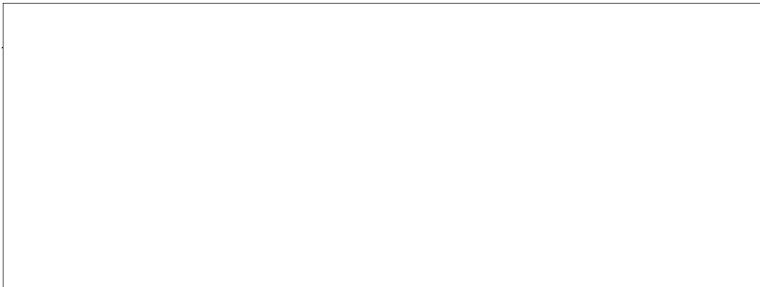
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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

30 May 1973

PRINCIPAL DEVELOPMENTS

Iceland and the UK may respond today to a proposal by NATO Secretary-General Luns that the British withdraw their warships from the disputed area. (Page 1) 25X1 25X1

South Vietnam [redacted] 25X1
[redacted] (Page 2) 25X1
[redacted] 25X1

Increased Adeni terrorist operations against Yemen (Sana) threaten the tenuous cease-fire in effect since last October. (Page 4)

Nationalist China [redacted] 25X1
(Page 5) 25X1

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ICELAND

NATO Secretary-General Luns has proposed that the UK withdraw its warships from the disputed area in the expectation that Iceland would cease harassment of the British trawlers.

Reykjavik and London may respond today. The plan probably would be acceptable to London if supported by a reasonable guarantee that Iceland would cooperate.

At a special NATO Council session yesterday, the Icelandic representative implied that his country desired to resume negotiations if the warships withdraw, but gave no indication that harassment of British trawlers would cease. In a later conversation, the Icelandic delegate said he thought his government would cease harassment. His assessment, however, may not have allowed for the inflamed public sentiment that has permitted radical politicians in Iceland to take the initiative.

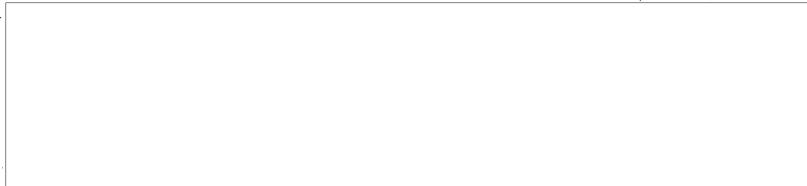
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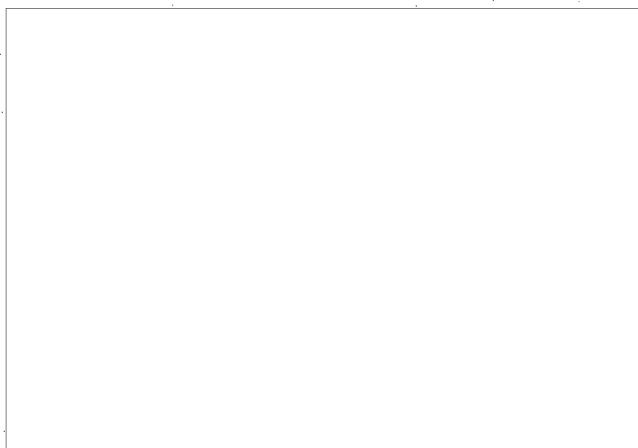
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SOUTH VIETNAM

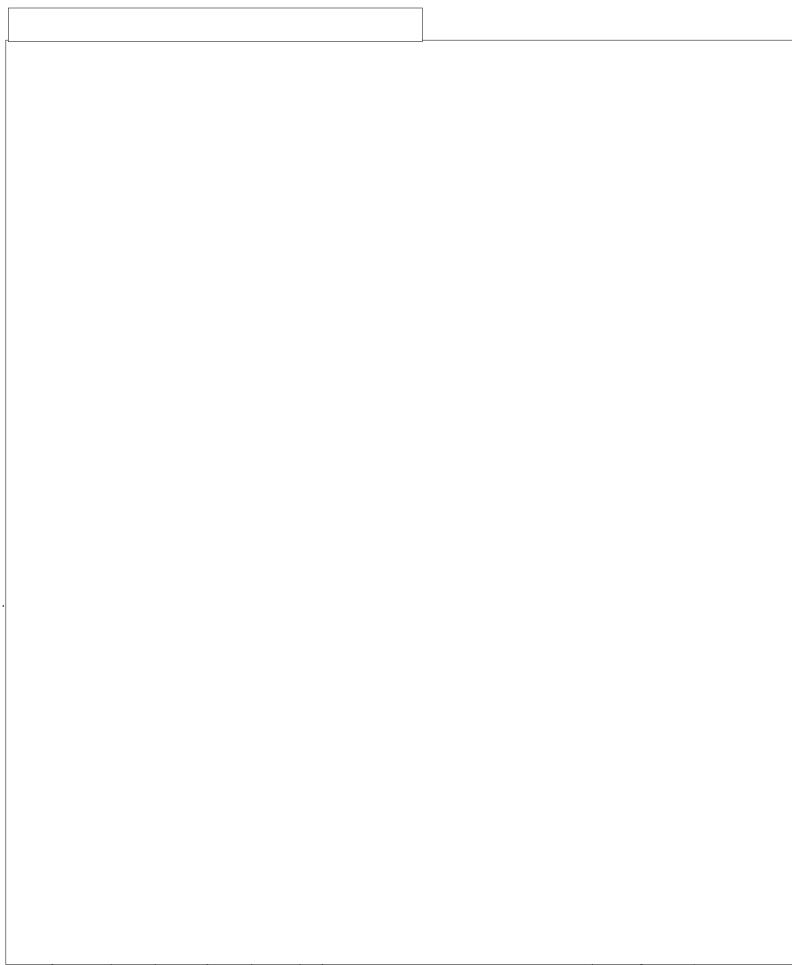


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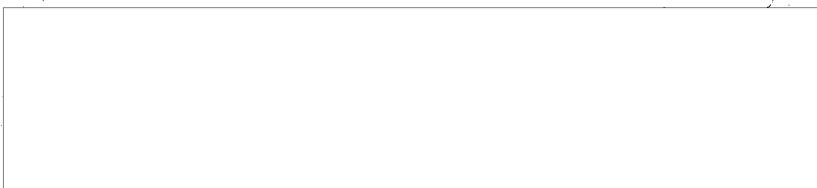
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CHINA



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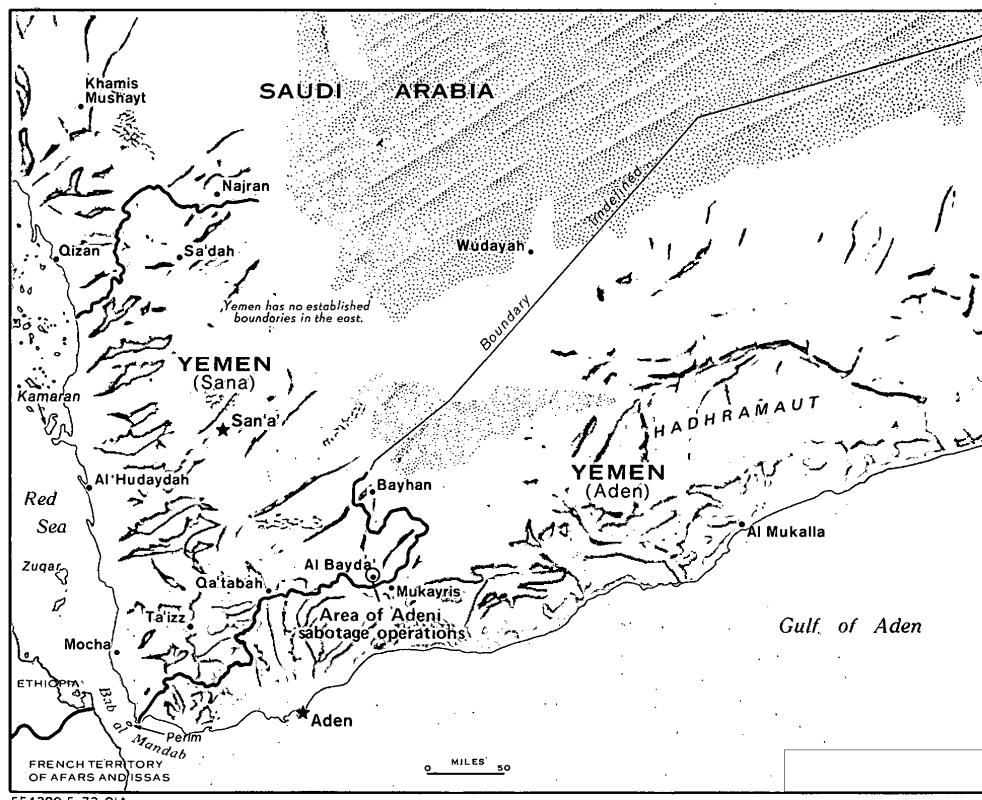


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THE YEMENS

Increased Adeni terrorist operations against Yemen (Sana) threaten the tenuous cease-fire in effect since the two Yemens signed a unity agreement last October.

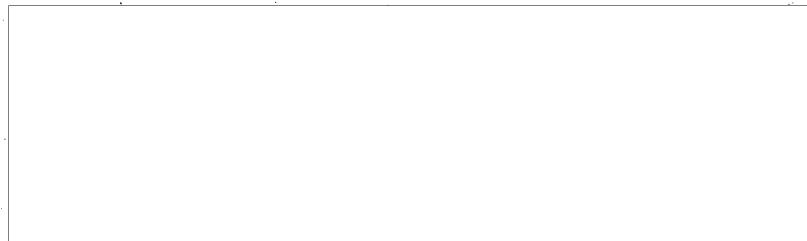
This morning Sana announced the assassination of a member of its three-man ruling Republican Council. In all, some 40 Sana military personnel and civilians have been killed in sabotage and guerrilla attacks this month. Although Aden has conducted a steady terrorist campaign since last fall, it sharply increased the number of its attacks a few weeks ago when the Sana government began trials of Adeni-supported subversives.

The authorities in Sana appear determined to pursue the trials, despite fears of more retaliation from Aden and apprehensions over their own lack of military preparedness. This weakness has encouraged the Adenis, who are attempting to maneuver Sana into rejecting the union. Sana would thus bear the onus for such a move in the eyes of other Arab states.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NATIONALIST CHINA



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NOTE

Cambodia: Government forces on May 29 regained control over the last contested section of Route 5, some 50 miles northwest of Phnom Penh, ending the Communists' two-month interdiction of the highway. It may be some time before the road is opened to traffic, however, because several bridges must be repaired.

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The President's Daily Brief

31 May 1973

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THE PRESIDENT'S DAILY BRIEF

31 May 1973

PRINCIPAL DEVELOPMENTS

COSVN has ordered Communist forces in South Vietnam to prepare for peacetime activities by early June, and not to prepare for a renewal of fighting.
(Page 1)

Chinese leaders appear to be in an increasingly sharp debate over agricultural policy. *(Page 2)*

The fluctuation experienced by the dollar in European money markets during recent weeks could continue indefinitely. *(Page 3)*

The Soviets and the Yugoslavs are quarreling about the use of \$540 million in Russian credits extended last summer. *(Page 4)*

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

The Communists in the south have issued new directives to their forces "not to prepare for any renewal of fighting," but to press ahead with the economic and political development of Viet Cong - held areas. In the latest COSVN instructions, Viet Cong officials are being told that the talks between Le Duc Tho and Dr. Kissinger would lead to a "true political settlement," a "real agreement," and that there would be "no rekindling of the war."

This "once in a lifetime" opportunity is possible, according to COSVN, because by early June "all hostilities will end," the US will not return, and the Saigon government will accept a "real cease-fire agreement." COSVN also expects a cease-fire in Cambodia in June, which will facilitate trade and other economic endeavors in South Vietnam's border provinces.

The Communist command apparently is trying to ensure that these orders are clearly understood by subordinate political and military officers. A provincial party officer who attended a briefing on these latest instructions reported that "the COSVN people are pushing us very hard." Intercepted communications show that similar orders have been passed to some COSVN main-force units. Although the units are authorized to occupy some villages if the opportunity presents itself, they are under orders "not to initiate military attacks." In northernmost Quang Tri Province, some North Vietnamese troops have been told to stay away from areas close to the government's front lines, effective May 30.

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CHINA

Last year's poor harvest appears to have touched off an increasingly sharp debate among Chinese leaders over agricultural policy.

The five-percent decline in China's grain production in 1972, caused primarily by poor weather, showed that the immense efforts of the past decade to improve irrigation and drainage are still insufficient to ensure a good crop against the vagaries of nature.

Recent radiobroadcasts suggest that the leadership is attempting to come to grips with the problem but has not been able to reach a unified view because of differences in political outlook. Pragmatic leaders, for example, appear to be behind broadcasts emphasizing a need for realism and careful regulation of corrective agricultural policies.

Their argument seems to be directed against the calls of militant leaders for more drastic measures, such as transformation of mountains and ravines into new crop-lands. Peasants, whose food rations and amenities have been cut because of floods and drought, would be asked to shoulder the burdens of such radical measures without compensation. Any such policy would be difficult to organize or administer.

Even though militant leaders appear to believe that peasant resistance could be overcome, it is doubtful that the measures they advocate will be adopted. Huge labor-intensive efforts to clear and terrace hillsides for cultivation would require more, not less, food for laborers. Given the continuing uncertainty over this year's weather and the outlook for the harvest, the situation would seem to call for a cautious agricultural policy rather than one of unrestrained development. It is nevertheless often the case that political reasons rather than economic logic dictate the decisions that are finally taken in China.

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar again came under pressure in European markets yesterday and now is at its lowest point, relative to the European joint float currencies, since the float was introduced on March 19.

In part, selling reflected dealers reluctance to hold dollars during widespread market closings for the Ascension Day holiday today. In addition, Bonn's tightening of credit yesterday helped the mark to appreciate sharply relative to the dollar, causing some other currencies to follow suit.

The psychology of currency trading increasingly resembles that of the stock exchanges, as dealers respond to new political and economic developments throughout the world. The fluctuation experienced by the dollar in recent weeks apparently could continue indefinitely.

Meanwhile, the price of gold continues to rise--\$115 in London yesterday--despite a sizable increase in total world sales of gold. Soviet gold sales for the first quarter of 1973 are equivalent to 60 percent of their total sales last year and may have netted the Soviets as much as \$250 million in foreign exchange. Total world sales of newly mined gold during the first quarter of this year are more than eight percent above the first quarter of 1972.

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NOTES

Yugoslavia-USSR: Belgrade and Moscow are squabbling over the use of \$540 million in Soviet credits extended to Yugoslavia last summer. The dispute concerns the effect of recent dollar devaluations on the prices each side is willing to put on individual projects. Belgrade insists that world prices before devaluation be the standard, but Moscow wants to add a nominal upward revaluation of the ruble. Last week the Belgrade daily Politika disclosed that none of the credits have been used and that negotiations are well advanced on only three of 38 proposed projects. This appears to be an effort by Belgrade to raise the dispute to the political level, which it hopes will generate pressure on Moscow to be more forthcoming.

The Netherlands: The newly formed center-left coalition government has reaffirmed the Netherland's commitment to NATO, but has linked it to an appeal for increased efforts to achieve understandings with the Soviets and East Europeans. This emphasis on Eastern relations is a significant departure for the Dutch, who have generally been skeptical about detente initiatives. The government will submit a white paper on restructuring the armed forces to parliament in the fall. Some officials also envisage a specialization of tasks within NATO that would allow West Germany or another country to assume responsibility for the Netherlands' air defense. Budget cuts already scheduled for this year will kill plans to buy a new generation of fighter aircraft.

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