



The President's Daily Brief

1 February 1973

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Sensitive

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

1 February 1973

PRINCIPAL DEVELOPMENTS

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In Vietnam, fighting remains heavy in Quang Tri Province, but continues at a reduced level elsewhere in the country.

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(Page 1)

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The Lao Communists may be abandoning their five-week siege of the government outpost at Bouam Long.

(Page 4)

The Soviets are hinting that they may be interested in participating in joint East-West aid for Vietnam.

(Page 5)

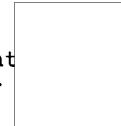
Cambodia's former deputy prime minister In Tam has received some highly favorable initial reaction in Phnom Penh to his proposals for ending the war in Cambodia.

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South Korean CIA Director Yi Hu-rak recently provided US officials in Seoul with a sober assessment of the North-South talks that disclosed a toughening of Seoul's attitude toward the negotiations.

(Page 7)



A recent flurry of Soviet diplomatic activity suggests that Moscow is preparing to play a role in discussions on a Middle East settlement.

(Page 8)

President Marcos has announced that his government plans a thorough review of Philippine-US relations--with special emphasis on US base rights.

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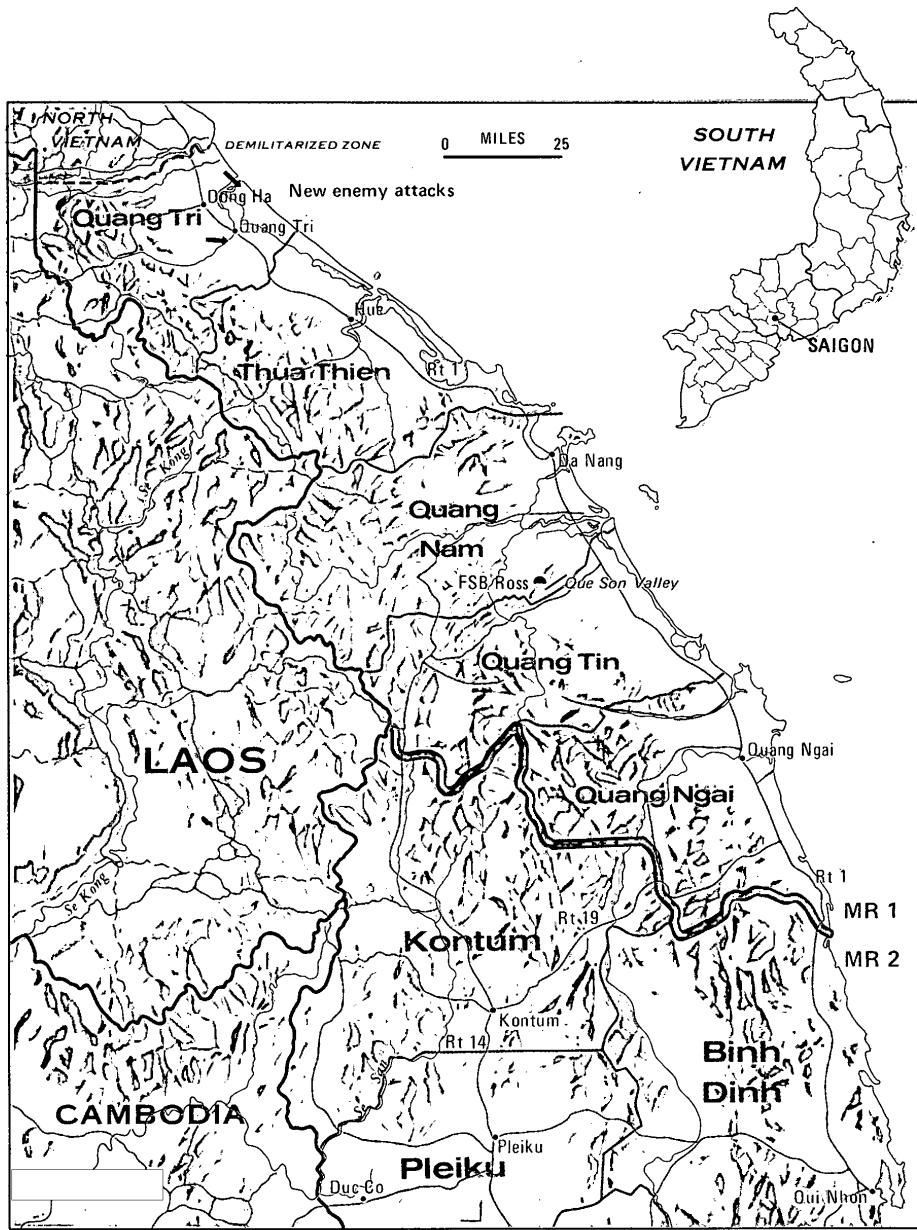
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Japan.

Prime Minister Mintoff is again threatening to evict the British forces from Malta.

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VIETNAM

Fighting remains heavy in Quang Tri Province following the government's loss of a foothold on the Cua Viet River. Elsewhere in the country, fighting continues at a reduced level, but in the central provinces there are tenuous indications that a new increase in combat may be in the offing. Intercepted messages disclose that subsequent to the cease-fire an element of the North Vietnamese 711th Division has moved into a position from which it could launch attacks on South Vietnamese units defending Fire Support Base Ross, a key government post overlooking the disputed Que Son Valley in Quang Nam Province. Enemy units are still blocking some of the major roads in the central provinces. One of the most significant interdiction points is in southern Quang Ngai Province where the Communists control nearly six miles of Route 1.

* * *

Local Viet Cong administrations apparently are working hard to consolidate control over areas long occupied by the Communists as well as those recently overrun.

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[redacted] There are also fresh indications that the Viet Cong will bolster their administrative ranks with civilian experts from North Vietnam. In some areas, the Viet Cong are said to have begun setting up "peace committees," to take the lead in overt agitation against the government.

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On the government side, President Thieu is again attempting to improve his standing with the country's religious and political groups. Thieu took a conciliatory line in a recent meeting with major religious and political leaders in which he briefed them on the cease-fire agreement. He asserted that in any future elections in which the Viet Cong participate, the non-Communist side must win regardless of whether it is represented by pro-government or opposition candidates. Thieu indicated his willingness to discuss the grievances of some in his audience, such as the restrictive political parties decree, and he also stressed his desire to take effective action against corruption to prevent the Communists from exploiting the issue.

* * *

Maritime activity has increased near Haiphong.

[redacted] vessels towing minesweeping equipment through the main harbor channel, and other small craft were active in the area. This follows the recent departure from Haiphong of the North Vietnamese cargo ship Viet Bao, the largest ship to leave the harbor [redacted] since the mining last spring.

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[redacted] lightering of foreign merchant ships along the northern coast since the mining.

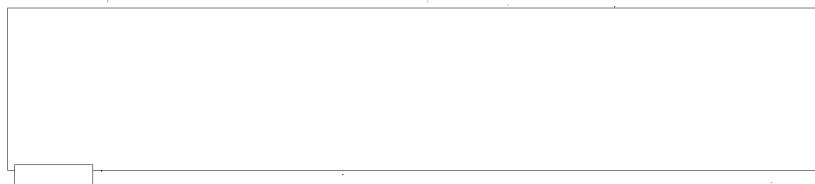
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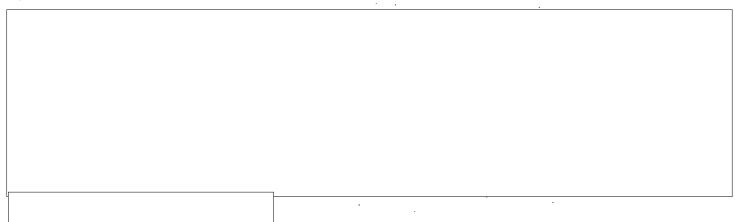
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SOUTH VIETNAM



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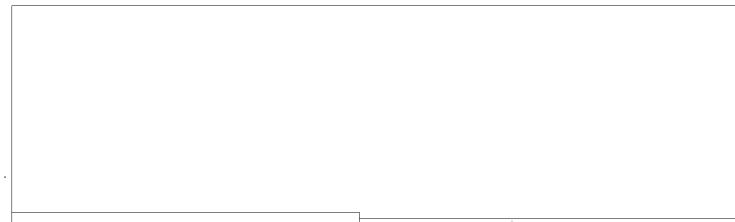
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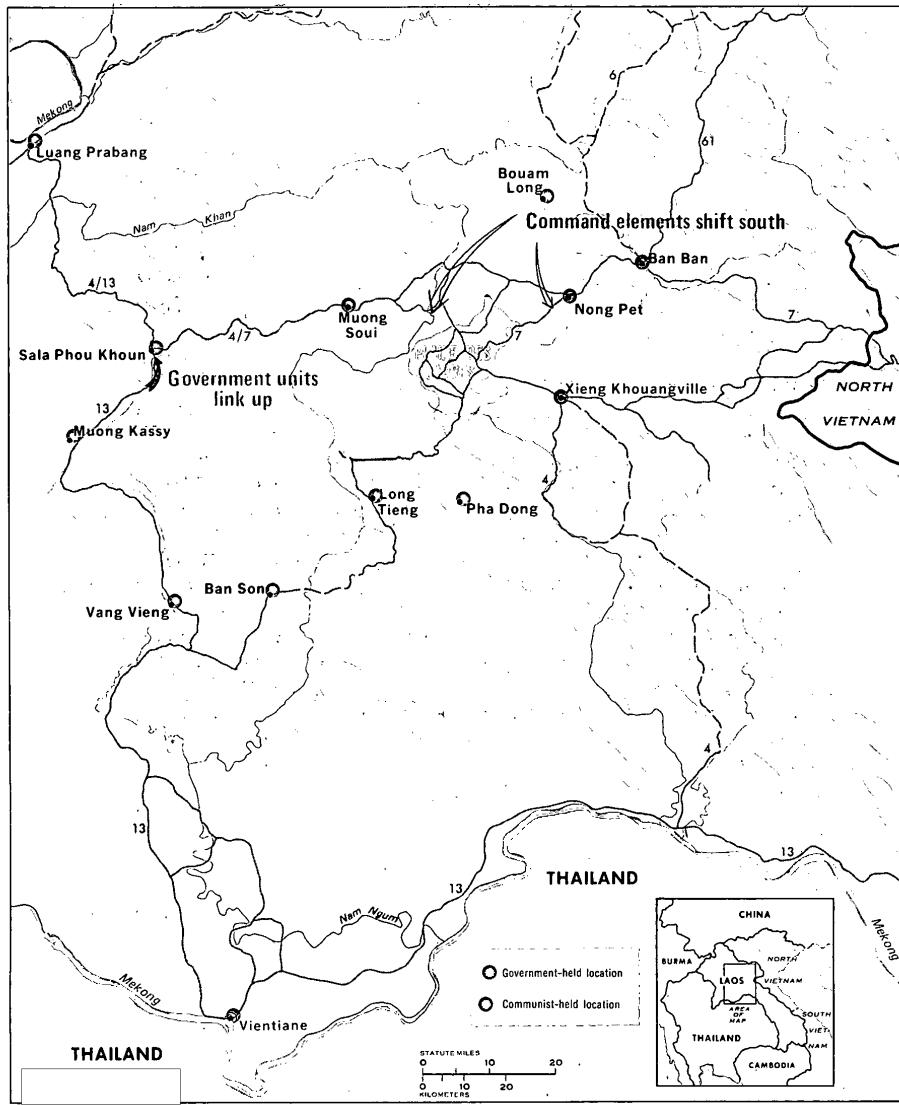
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FOR THE PRESIDENT ONLY

LAOS



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LAOS

Government and Pathet Lao negotiators held their first private session yesterday at the home of the acting head of the government delegation.

The Communists dropped their previous insistence that these sessions be held at their residence--another sign of Pathet Lao eagerness to get substantive talks under way.

Meanwhile, the Communists may be abandoning their five-week siege of the government outpost at Bouam Long. The Communists have not shelled the base in the past two days, and its defenders have begun long-range patrolling for the first time in over a month. Sustained heavy bombing apparently has forced some Communist units to withdraw. Communications intelligence indicates that command elements of two North Vietnamese infantry regiments that moved into the area late last year have now moved south toward the Plaine des Jarres.

West of the Plaine, the retreat of almost all Pathet Lao and dissident neutralist units from along Route 13 enabled Lao Army forces on 30 January to push up the road and join the irregular troops holding the Sala Phou Khoun road junction. Some small Communist units are still resisting government efforts to clear Route 13 to the north.

FOR THE PRESIDENT ONLY

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USSR-VIETNAM

At a dinner on 30 January honoring visiting North Vietnamese dignitaries, General Secretary Brezhnev declared that postwar aid to Vietnam "can and must be an act of solidarity of peoples and states regardless of their social systems"--the first time any Soviet leader has commented on the possibility of joint East-West aid.

On the same day a Soviet official at the UN told a US counterpart that each country would have its own bilateral aid program but would also contribute to an international program in which he expected the UN to play an important role. The official said he would welcome talking to someone from Washington about the subject before returning to Moscow on 9 February.

In the past, Moscow has been unwilling to participate in any cooperative aid ventures with the West lest the impact of its own assistance be diluted. Several factors might nevertheless induce the Soviets to reverse their stand in respect to Vietnam, even if they take part in a limited way. Moscow might hope to win points with Washington. Moscow might also believe that Soviet-US involvement in a joint enterprise throughout Vietnam would help encourage both Washington and Saigon to comply fully with their political commitments. In addition, the Soviets might hope the multilateral aid projects would lessen North Vietnam's dependence on China.

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CAMBODIA

Former deputy prime minister In Tam has received some highly favorable initial reaction in Phnom Penh to his recent suggestion that a small government-insurgent commission be set up to arrange a cease-fire, revise the constitution, and organize free elections.

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Lon Nol would object to some aspects of In Tam's plan, though at least he would have no quarrel with its suggestion that Sihanouk be excluded from any role in Cambodia's future.

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SOUTH KOREA - NORTH KOREA

South Korean CIA Director Yi Hu-rak recently provided US officials in Seoul with a sober assessment of the North-South talks that disclosed a toughening of Seoul's attitude toward the negotiations. In sharp contrast to his optimistic discussion of exchanges and unification late last year, the CIA director now spoke only of coexistence with Pyongyang and implied that little progress in the negotiations should be anticipated.

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In this, Yi was taking his lead from President Pak Chong-hui's tough New Year's statement, which emphasized the difficulties facing the South in the talks and urged caution in dealing with Pyongyang. Pak's attitude reflects a deliberate attempt to dampen popular expectations raised by the dramatic breakthroughs of last year. The early euphoria served Pak's purposes well, enabling him to use the prospect of progress in the talks as the rationale for a government reorganization that further centralized power in his hands. Now that these reforms are almost complete, he has apparently decided to give the negotiations lower priority.

Yi also stressed the negative attitude of the North toward the negotiations. He pointed to the tough stand taken by Pyongyang's representatives in recent working-level sessions and the North Koreans' refusal to set a date for the next high-level meeting. He also expressed concern about increasingly harsh North Korean propaganda. Yi had no ready explanation for the changed North Korean attitude.

Recent North Korean statements suggest that Pyongyang may be disappointed with the limited political returns the talks have provided thus far.

Despite the negative attitude of the two sides, neither gives any indication that it wants to end the dialogue, and some non-political agreements may be concluded in the months ahead.

FOR THE PRESIDENT ONLY

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USSR - MIDDLE EAST

A recent flurry of Soviet diplomatic activity suggests that Moscow is getting ready to play a role in discussions on a Middle East settlement. It clearly expects an early revival of international efforts to this end and does not want to be left out of the action.

Since late last week, the Soviet ambassadors in Egypt, Syria, and Iraq have called on the presidents of those countries. In the Egyptian case, this was the first time President Sadat has received the Soviet ambassador since the Soviet military expulsion last July. The brief press releases on these contacts give no hint of the topics discussed. Moreover, Sadat's national security adviser is going to Moscow soon to discuss what can be done to break the Middle East deadlock.

Meanwhile, Mikhail Sytenko, the director of the Soviet Foreign Ministry's Middle East department, was in Rome last weekend briefing the Italians on how the Soviets believe a settlement should be approached.

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PHILIPPINES-US

President Marcos yesterday brought the US base issue out in the open by announcing that his government will thoroughly review Philippine-US relations, with particular regard to the base rights.

Marcos often turns the heat on the US when it seems politically expedient. During a domestic crisis last summer, for example, he publicly demanded a better deal for the Philippines, but dropped the subject when the crisis blew over. Nevertheless, although technical discussions on a new agreement were completed a year ago, Manila has not yet shown any inclination to proceed with the high-level talks needed to conclude the process.

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Japan - North Korea: [redacted]

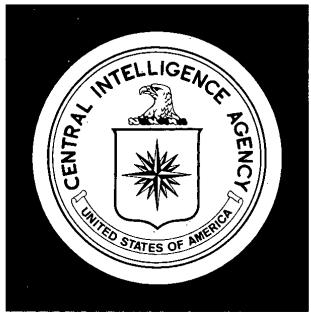
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[redacted]
[redacted]
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UK-Malta: Prime Minister Mintoff is again threatening to evict the British forces--this time on 31 March--unless London agrees to discuss compensation for Malta's losses caused by the sterling float. This follows Prime Minister Heath's rejection of Mintoff's suggestion last week that a mediator be brought into the dispute and Heath's insistence on settling only the bilateral issues. Mintoff's next move may be to seek a meeting with Heath, for which he has been angling for some time. Meanwhile, he apparently is proceeding as though the base agreement will continue. The draft of Malta's seven-year development plan appears to assume that base rental payments will continue and Mintoff has announced a new set of incentives to attract foreign investment--which would have little chance of success should the British be forced out.

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The President's Daily Brief

2 February 1973

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THE PRESIDENT'S DAILY BRIEF

2 February 1973

PRINCIPAL DEVELOPMENTS

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Fighting near Quang Tri has subsided and military action elsewhere in Vietnam remains light. [redacted]

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Hanoi has told the Viet Cong they are going to be much more on their own. (Page 1)

// Reports on the first session of the Laotian peace talks suggest that the two sides are moving toward agreement on an early cease-fire. // (Page 3) At the same time, Hanoi is preparing to send record quantities of supplies to northern Laos in the next three weeks. (Page 4)

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Both Sihanouk and President Lon Nol have taken new steps to end the fighting in Cambodia. (Page 5)

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[redacted]
(Page 6)

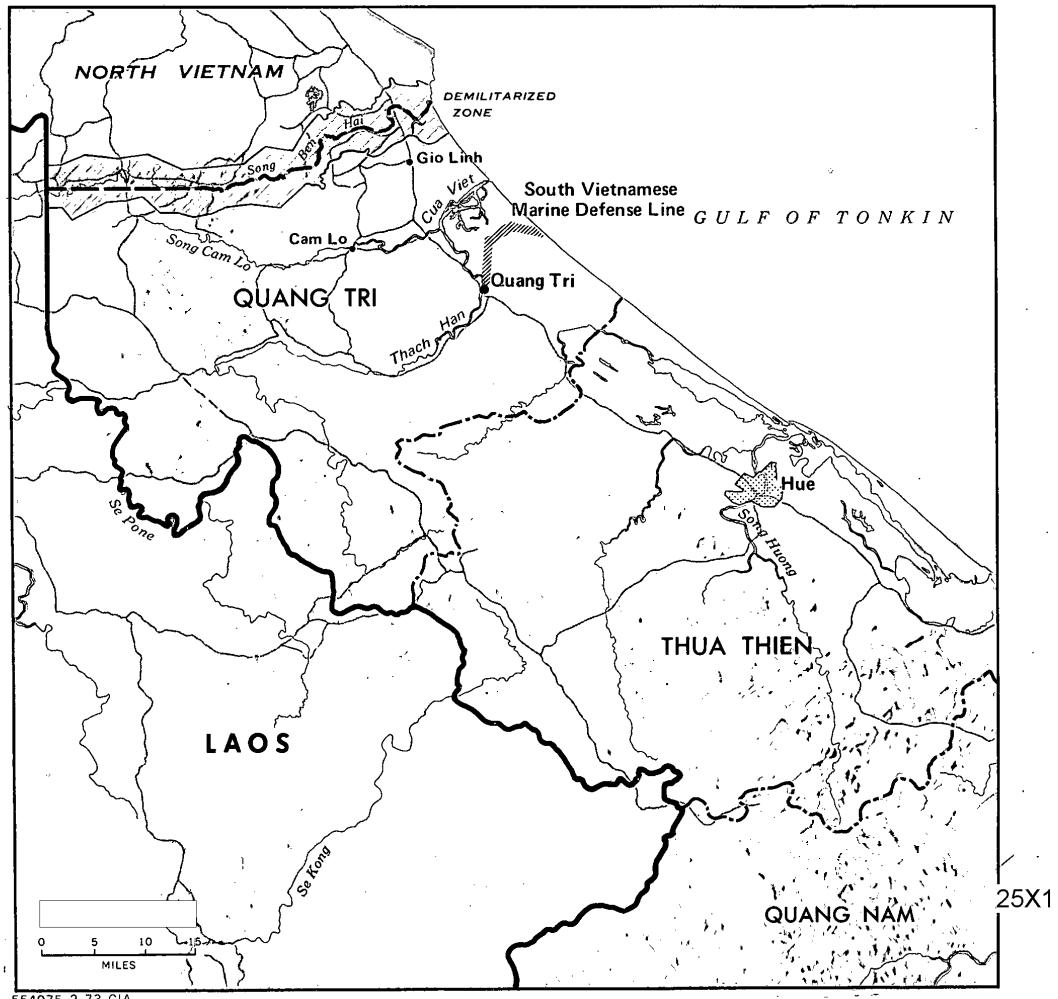
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Morocco's King Hassan is said to be pleased with his recent talks with Ambassador Murphy, but the King intends to send emissaries to probe Washington's intentions in supporting his country.
(Page 7)

In Uruguay, military leaders are developing contingency plans to keep up their campaign against the Tupamaro terrorists even if Congress fails to renew the suspension of constitutional guarantees.
(Page 8)

The Chinese are building a new spur in their road-net in northwestern Laos. (Page 9)

FOR THE PRESIDENT ONLY



FOR THE PRESIDENT ONLY

VIETNAM

Most of the fighting on the Quang Tri battle-front has subsided and military action elsewhere remains light. South Vietnamese Marines, who were driven back from their forward positions on the south bank of the Cua Viet River, have regrouped along previous defensive lines well south of the river. Airborne units have apparently contained the North Vietnamese in their newly established beachhead on the east bank of the Thach Han River west of Quang Tri City.

The over-all Communist intention in the attacks appears to have been primarily to restore the basic pre-cease-fire lines of control. An intercepted Communist message of 30 January states that "in a short time we destroyed the enemy's force and protected the liberated areas."

* * *

Hanoi has told the Viet Cong they are going to be much more on their own.

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Hanoi's public statements indicating that "socialist construction" at home will now be North Vietnam's chief concern.

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[redacted] the Viet
Cong are having trouble deciding what to do about
the neutralists, whom the Communists have consist-
ently demanded be included in any administration.

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LAOS

Initial reporting on the first session of the peace talks in Vientiane on Wednesday suggests that the two sides are beginning to move toward an agreement. According to a highly sensitive diplomatic source, it was agreed that a cease-fire should provide for an end of bombing and the withdrawal of "all foreign forces" without specifically identifying their nationalities. A joint military subcommittee will be found to work out the specific modalities of a cease-fire agreement. The negotiators reportedly did not discuss whether the cease-fire would leave the forces in place or provide for a regrouping as the government had previously suggested.

The two sides came to no final decisions on political matters. The Communist demand for a Political Consultative Council to oversee implementation of a political settlement was discussed but left open. The Communists agreed to the formation of a new tripartite coalition government along the lines established by the 1961-62 agreements. They did suggest, however, that such a government be expanded--an apparent effort to find seats for their "Patriotic Neutralist" allies.

This account of the first private session suggests that agreement on a cease-fire and at least the outlines of a political settlement can be reached in short order. Prime Minister Souvanna returned to Vientiane yesterday from his trip to New Delhi and Bangkok and can be expected to push for further progress at the next private meeting scheduled for today.

Another sensitive diplomatic source reports that Phoumi Vongvichit, the high-ranking "special adviser" to the Lao Communist team, will return to Vientiane from Sam Neua tomorrow.

Presumably Phoumi intends to enter into direct discussions with Souvanna. In late October when Phoumi was last in Vientiane he met once with Souvanna.

FOR THE PRESIDENT ONLY

LAOS

North Vietnam is planning to send record quantities of supplies to northern Laos during the next three weeks. According to an intercepted North Vietnamese message of 1 February, the Communists intend to ship some 6,500 tons of cargo westward on Route 7 from Vinh by 22 February.

These shipments would be the largest ever sent to this area, and would raise to almost 10,000 tons the amount sent so far during the current dry season. During all of last year's dry season only 5,800 tons were detected moving to northern Laos.

FOR THE PRESIDENT ONLY

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CAMBODIA

In a continuation of his "re-examination" of the Cambodian situation, Sihanouk proposed on 31 January that Khmer insurgent forces in Cambodia "lower the tone" of their military operations and "not launch offensive actions." In talking with French journalists in Hanoi, Sihanouk emphasized that his approach had the "total support" of both China and North Vietnam. Its purpose, he said, was to "avoid inconveniencing Cambodia's neighbors who must observe the cease-fire." Sihanouk cautioned that this proposal had not yet been agreed to by insurgent leaders who would have the "last word."

If Hanoi is indeed supporting Sihanouk's proposal, the insurgents surely will fall in line and reciprocate Phnom Penh's current stand-down in offensive operations. Military activity is now at a low level throughout Cambodia, and the insurgents may already have been preparing for a cease-fire in advance of Sihanouk's proposal. In the past few days their propaganda has omitted threats of continued fighting.

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[redacted] Lon Nol was expected to meet In Tam yesterday to make a more detailed review of the proposal.

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Although both Sihanouk and Lon Nol have taken steps toward ending the fighting, prospects for a quick settlement still appear dim. Each of the leaders insists that he will not treat with the other and that his opponent be excluded from any role in Cambodia.

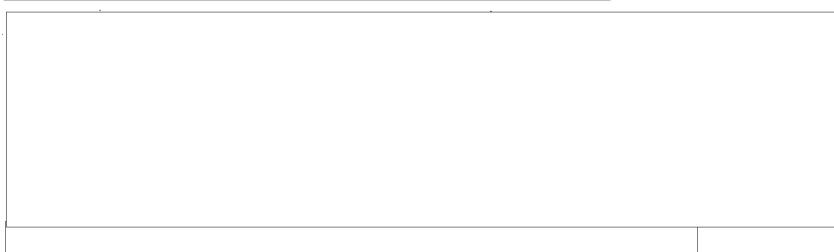
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JAPAN

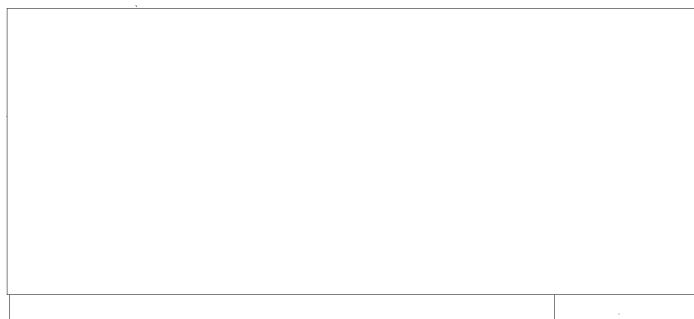


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FOR THE PRESIDENT ONLY

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MOROCCO

King Hassan is very pleased with the outcome of his talks with Ambassador Robert Murphy on 29 January.

Hassan is now convinced that President Nixon is sincerely concerned and interested in Morocco and its monarchy. The King nonetheless intends to send special emissaries to Washington later this month in an attempt to find out how closely the US is prepared to commit itself toward his country.

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Hassan [redacted]
[redacted] evidently wants a firm commitment of US support before he begins negotiating on the future of the Kenitra base and other issues outstanding with the US. His recent overtures toward Moscow seem to have been timed for their effect on the US.

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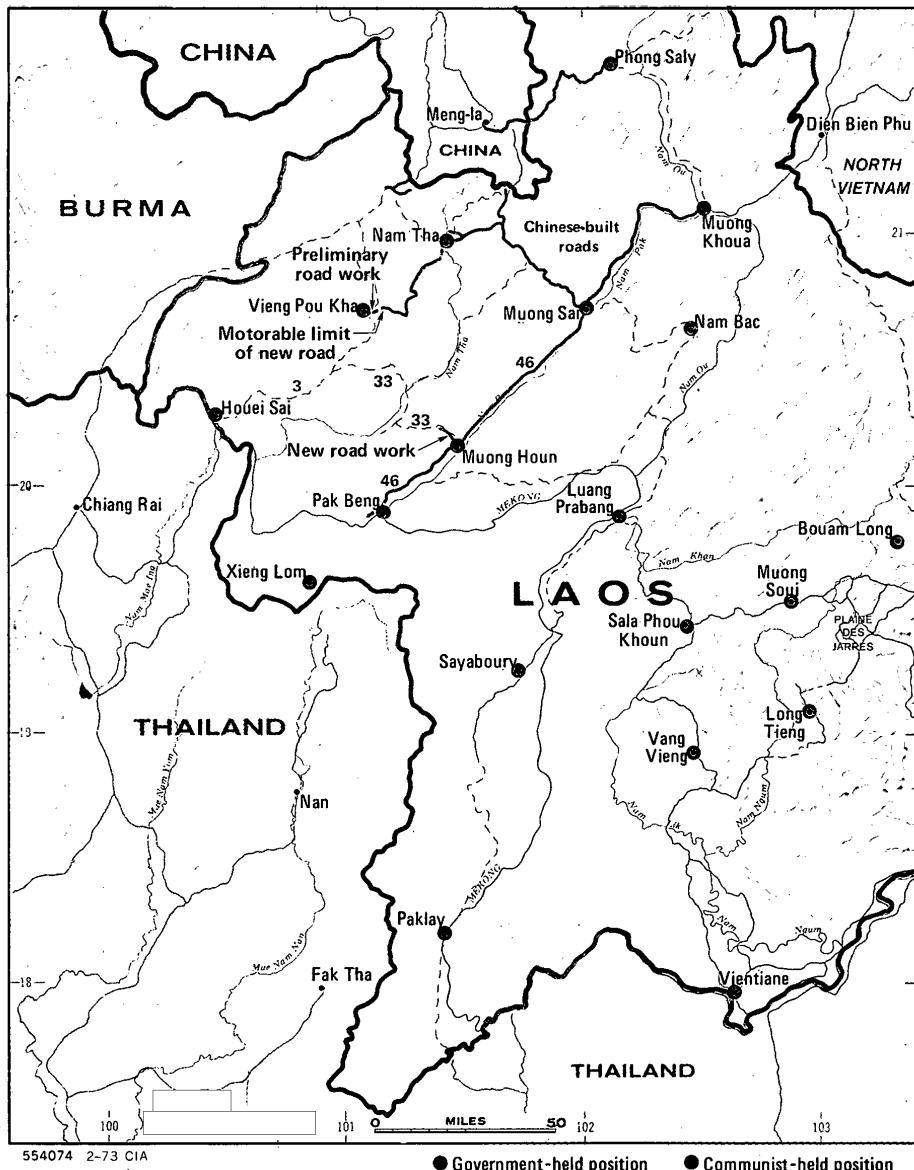
URUGUAY

Armed services leaders are developing plans to use military judges to sign arrest and search warrants if Congress fails to renew the suspension of constitutional guarantees beyond 15 February. They will argue that constitutional restrictions imposed on civil judges would make it impossible to continue the highly successful military campaign against the Tupamaro terrorists.

The plan would be sure to provoke stiff opposition from civilian politicians, who are alarmed over the growing military role in government and the military's continuing drive to stamp out corruption in civil government agencies. A congressional vote to renew the suspension of guarantees would, of course, buttress the military's continued political role in Uruguay even though it would obviate the need for the military plan now under consideration.

FOR THE PRESIDENT ONLY

Northwest Laos



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FOR THE PRESIDENT ONLY

NOTES

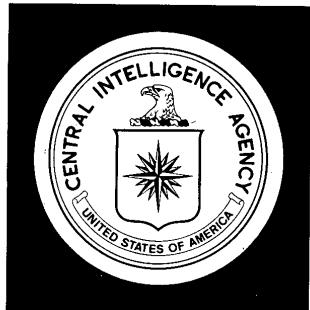
China-Laos: Chinese road building is now advancing northwest from Muong Houn. This new spur, measuring only about seven miles so far, appears directed toward Vieng Pou Kha on Route 3 which in turn is to be linked by road to Nam Tha to the northeast. Bangkok, which is concerned that construction will proceed to the Thai border, will demonstrate the same sensitivity to this new development that it has shown to previous road building in the area.

Force Reduction Talks: After an unstructured initial session, the delegations in Vienna are trying through informal contacts to work out procedures so that a formal plenary session can be held early next week. If the Romanian and Bulgarian delegations continue to insist on being full and equal participants, the NATO "flank" countries--Norway, Denmark, Italy, Greece, and Turkey--will renew their campaign for full status. Soviet delegation members predict, however, that the Romanians will back off.

West Germany: A record trade surplus of more than \$8 billion was achieved last year despite the revaluation of the mark in December 1971. A ten percent increase in exports reflected accelerating economic expansion in Germany's major trading partners as well as signs that German export prices were becoming increasingly competitive toward the end of the year. German officials have pointed out that the record surplus was largely offset by higher German tourist expenditures and foreign worker remittances, thus ruling out any possibility of another revaluation.

Cyprus: President Makarios' supporters plan to hold an island-wide demonstration on 8 February, the day for nominations for the presidential elections on 18 February. If Makarios is the only nominee, as they expect, no actual voting will be necessary, but the demonstration will give Makarios a chance to show the extent of his popular following. Advocates of union with Greece who favor his arch-rival Grivas have denounced the decision to hold the rally and warned of possible incidents. Bombings and provocations against the police have plagued Cyprus during the past few weeks, but there is little sign that Grivas' forces are up to a showdown at this time.

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THE PRESIDENT'S DAILY BRIEF

3 February 1973

PRINCIPAL DEVELOPMENTS

Despite a general lull in military activity in South Vietnam, there are tenuous signs that the Communists may undertake new military action in some areas just prior to the arrival of international observer teams.
(Page 1)

Government and Pathet Lao negotiators continued their discussions of arrangements for a cease-fire and formation of a new coalition government yesterday at the second session of their private talks. *(Page 2)*

Soviet officials recently have taken the unusual step of openly acknowledging China's developing strategic nuclear capability against the USSR. *(Page 3)*

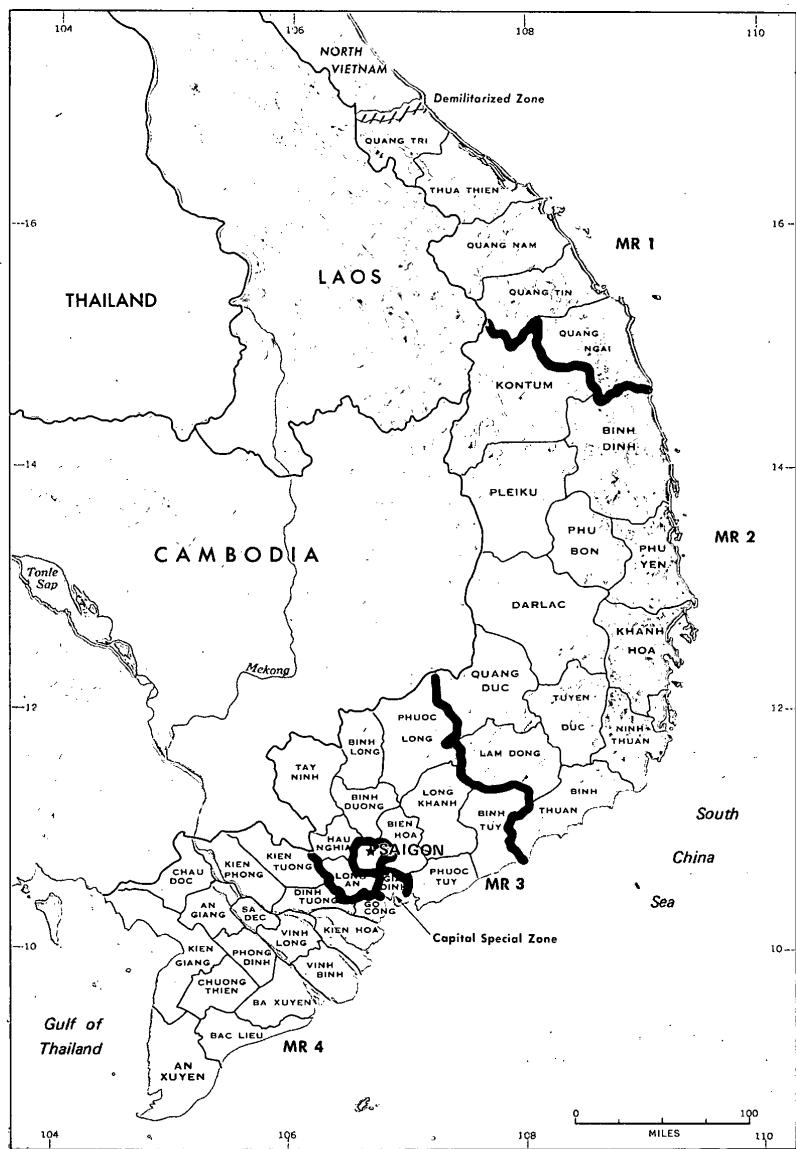
The Soviet Union's top agricultural administrator, who was demoted yesterday from the post of First Deputy Premier, is an obvious scapegoat for the country's continuing harvest difficulties. Soviet winter grain crop losses may equal or even exceed those of last year. *(Page 4)*

Pakistan believes it can do nothing toward breaking the impasse with India until there is progress on the repatriation of the 90,000 prisoners of war held there. *(Page 5)*

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FOR THE PRESIDENT ONLY



FOR THE PRESIDENT ONLY

SOUTH VIETNAM

There is a general lull in military activity throughout most of the country for the first time since the cease-fire went into effect. Sporadic fighting persists in some areas, most of it caused by the government's continued efforts to clear roads and drive North Vietnamese from hamlets occupied just before the cease-fire.

Despite the marked reduction in military activity, there are tenuous signs that the Communists may undertake new military action in some areas just prior to the arrival of international observer teams.

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The Communists may wish to make one more effort to take additional territory. This could explain why the bulk of North Vietnamese main force units, although well-positioned, were not committed in the last round of attacks before the cease-fire.

At least two instances have been reported of friendly meetings of South and North Vietnamese main force units during flag raising ceremonies in Kontum Province. Apparently no shots were fired and, in both cases, the two sides agreed on a division of territorial control.

In the delta province of Bac Lieu, the Viet Cong are reported to have requested a cease-fire from the local South Vietnamese artillery commander, and the latter stopped the firing.

* * *

Peking has given a very warm reception to negotiator Le Duc Tho and Foreign Minister Nguyen Duy Trinh and, in the process, further underscored its strong support for the Vietnam agreement. Mao himself received the Vietnamese visitors in a "cordial" atmosphere on 1 February. The following day, the Chinese turned out about half the Politburo and more than 10,000 persons at a rally in Peking to celebrate the accords.

FOR THE PRESIDENT ONLY

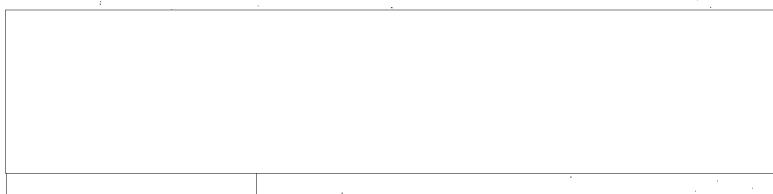
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LAOS

Government and Pathet Lao negotiators continued their discussions of arrangements for a cease-fire and formation of a new coalition government yesterday at the second session of their private talks.



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On the military front, communications intelligence confirms that the North Vietnamese have abandoned their siege of Bouam Long, the government stronghold north of the Plaine des Jarres, apparently in large part because of B-52 strikes. Major combat elements that had participated in the fighting have moved back toward the Plaine. At the same time, other intercepted messages indicate that North Vietnamese units are completing preparations for an effort to recapture Muong Phalane in the central panhandle.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR-CHINA

On two occasions recently, Soviet officials have openly acknowledged China's developing strategic nuclear capability against the USSR. In December an official of the Soviet UN delegation, in a talk with US officials, raised the issue of China's relationship to SALT and the need to take China into account in agreements on future strategic force levels. He noted that the USSR had a special problem: Chinese nuclear weapons systems that could strike the USSR but not the US, and thus would not be considered strategic in US-Soviet terms. The official concluded that the "splendid superiority" needed to retain a nearly complete Soviet pre-emptive or disarming capability against China was rapidly going or gone already.

The same basic points were made by a public lecturer in Leningrad on 21 January. The lecturer asserted that China has developed a "second-strike" capability against the USSR and that by relocating "ICBMs" in silos farther away from the Soviet border, Peking has eliminated the threat of "surgical" air or land attacks on its missiles.

These open acknowledgments of Chinese capabilities against the USSR are unusual. We have seen no sudden change in Chinese strategic strike capabilities that would alarm the Soviets.

Moscow encouraged rumors of a possible "surgical" strike following the fighting along the Sino-Soviet border in 1969 in order to apply political pressure on Peking, but whether the Soviets considered it a practical policy option is unknown. In light of continued Chinese charges of Soviet aggressiveness at the UN and elsewhere, Moscow may believe that the time has come to lay the issue to rest.

FOR THE PRESIDENT ONLY

Lack of Snow Endangers Soviet Winter Grain



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Snow Depth

- [Lightest shade] 0-2 inches
- [Medium shade] 2-4 inches
- [Darkest shade] Over 4 inches

FOR THE PRESIDENT ONLY

USSR

Dmitry Polyansky, demoted yesterday from USSR First Deputy Premier to Minister of Agriculture, is an obvious scapegoat for the country's continuing harvest difficulties. He has been the Soviet Union's top agricultural administrator since 1962. It is likely, however, that the broader scale of Kremlin politics is equally important in causing his fall.

Following Khrushchev's ouster, Polyansky was an important member of the Ukrainian "clique" surrounding Brezhnev. As Brezhnev has moved in the past two years into a position of greater dominance in the leadership, he has espoused the twin programs of detente abroad and consumer interests at home--moves that opened a gap between him and his relatively conservative Ukrainian allies. Polyansky's demotion is the second blow to this Ukrainian group in the Politburo since last May.

* * *

Observations of a US Embassy agricultural officer suggest that the winter grain crop losses will equal or even exceed those of last year, when only 23 million hectares were harvested, compared to a normal average of 31 million.

The officer, who recently traveled by train through some of the major winter grain areas, reports that snow cover was no more than two inches over the entire route. Fellow passengers told him that there would normally be over 20 inches of snow at this time of the year. Soviet weather maps indicate that the same general weather conditions--little snow combined with extreme cold--prevail throughout most of the major winter grain areas.

FOR THE PRESIDENT ONLY

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INDIA-PAKISTAN

Aziz Ahmed, secretary-general of the Pakistani Foreign Ministry, has reiterated that Pakistan believes it can do nothing toward breaking the impasse with India until there is progress on the repatriation of the 90,000 prisoners of war held there. Neither can there be recognition of Bangladesh until the prisoners are returned, Ahmed told the US chargé. He chiefly blamed India and Bangladesh for the impasse but also blamed third countries, including the US, for not using their leverage in Dacca and New Delhi.

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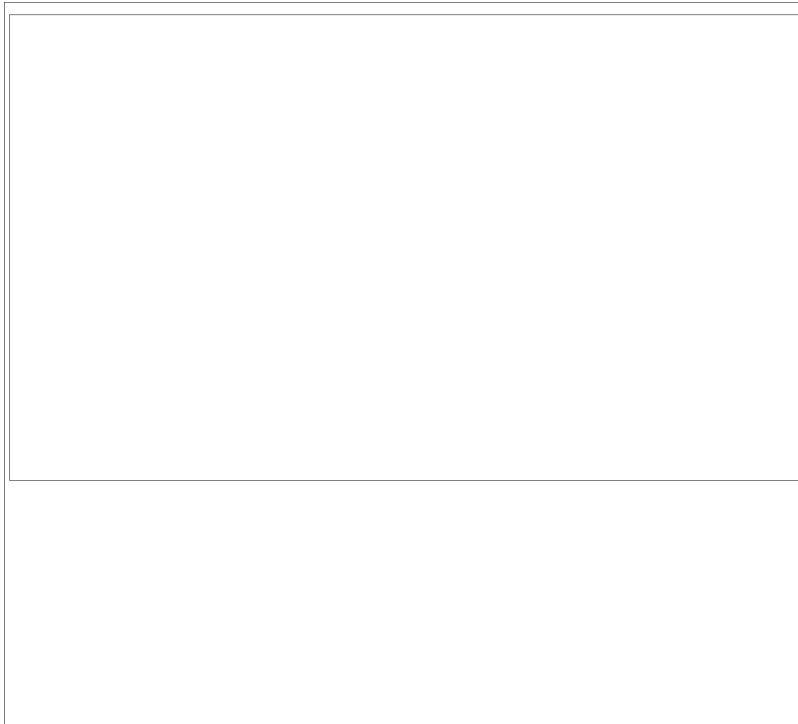
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Bhutto has continued to speak publicly of the need for eventual recognition of Bangladesh, but has stated no action can be taken at least until after elections in early March.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT



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The President's Daily Brief

5 February 1973

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THE PRESIDENT'S DAILY BRIEF

5 February 1973

PRINCIPAL DEVELOPMENTS

Communist military activity in Laos has intensified amid signs that both sides are preparing for an early cease-fire. (Page 1)

In South Vietnam, fighting remained light throughout most of the country over the weekend. (Page 2)

Several major US allies are moving toward early recognition of Hanoi. In addition, some European officials are expressing uncertainty over the appropriate authorities to deal with in establishing an aid program in South Vietnam. (Page 3)

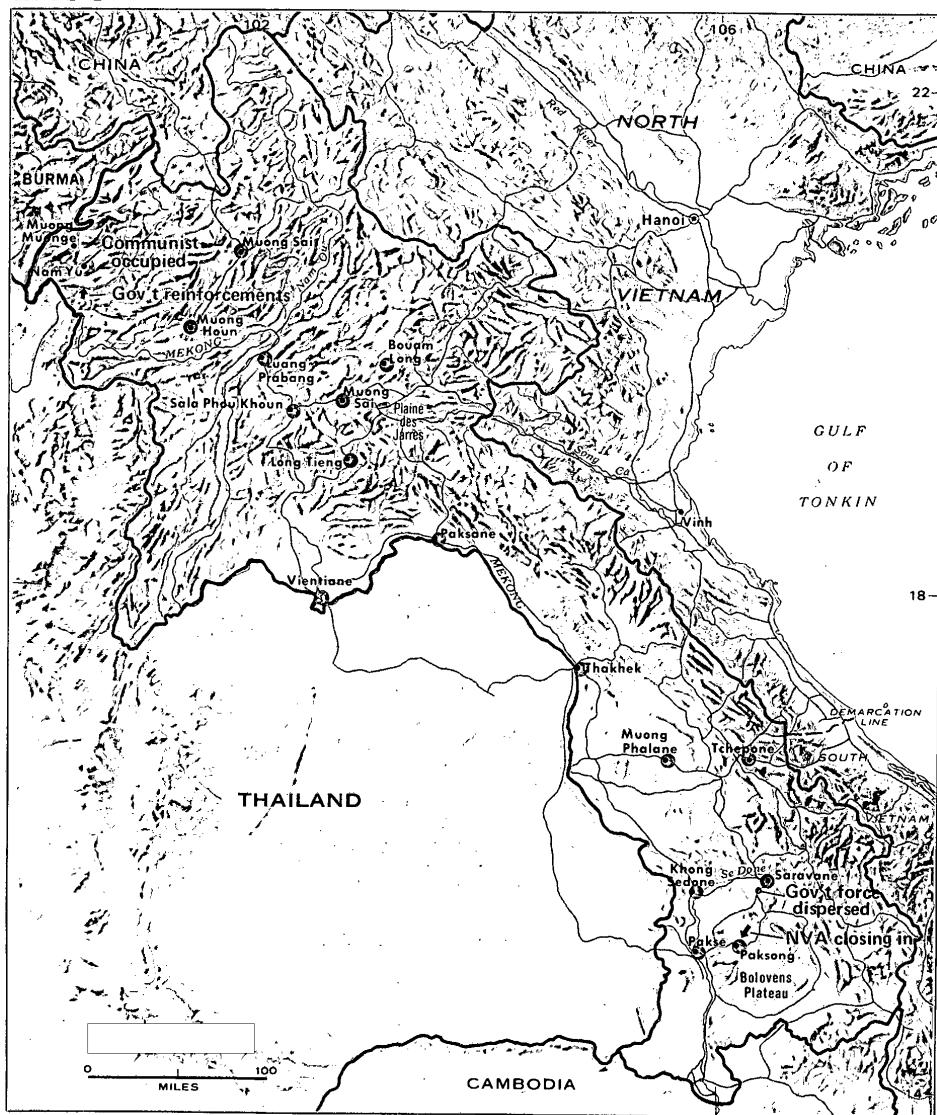
Thailand is planning to initiate contact with North Vietnam to arrange discussions on the repatriation of Vietnamese refugees. (Page 4)

On Saturday, the NATO ad hoc group adopted a proposal aimed at resolving the procedural stalemate that is blocking further sessions of the initial force reduction talks. (Page 5)

King Husayn has made clear his reservations on the usefulness of Jordan's entering a unified military command with Egypt and Syria. (Page 6)

FOR THE PRESIDENT ONLY

LAOS



554081 2-73 CIA

● Government controlled

- Communist controlled

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FOR THE PRESIDENT ONLY

LAOS

The Communists intensified their military activity over the weekend, making the greatest headway in the remote northwest. On Saturday they overran Nam Yu, a base for government guerrilla operations, for the first time. Initial reports indicate that large numbers of irregulars in the area are moving westward and that one of two population centers still under government control is being evacuated. The government is flying reinforcements into the area, however.

In the south, Communist forces supported by tank and heavy artillery fire have overrun two government battalions southeast of Muong Phalane. Some 75 percent of both units are estimated to be killed, wounded, or missing. Farther south the North Vietnamese dispersed two irregular battalions advancing on much-contested Saravane, inflicting heavy casualties. On the Bolovens Plateau, the North Vietnamese probed government positions outside Paksong, the only population center in government hands, and a major attack could come at any time.

Peace discussions continue in Vientiane.

25X1

Prime Minister Souvanna Phouma met with the King in Luang Prabang yesterday and is expected to confer with the senior Lao Communist representative Phoumi Vongvichit before the secret talks resume. Phoumi announced when he arrived in Vientiane over the weekend that he had come "with full powers to negotiate and conclude an agreement."

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FOR THE PRESIDENT ONLY

SOUTH VIETNAM

Fighting remained light throughout most of the country over the weekend. Shelling and light ground probes continued against South Vietnamese Marine and Airborne positions in northern Quang Tri Province, but no territory changed hands. Early on Sunday, a battle was reported to be shaping up west of Hue, where a North Vietnamese unit--estimated to be a battalion supported by tanks--is moving against Fire Support Bases Veghel and Bastogne. Details are sketchy, but Communist troops appear to be in control of most of the area around Veghel and are hitting Bastogne with heavy shelling. South Vietnamese forces are counterattacking and are reported to have destroyed six tanks. Farther south, fighting continues near FSB Ross in the Que Son Valley of Quang Nam Province and along Route 1 near Sa Huynh Village in southern Quang Ngai.

On Saturday, Communist units in Binh Dinh Province captured a South Vietnamese coastal radar station southeast of the district capital of Phu My. The enemy later abandoned the station after destroying most of its equipment. Road interdictions continue to be reported along Route 14, but Highway 19 between Pleiku and An Khe has been reopened. The isolation of Kontum City is causing serious food shortages, and the rice supply is said to be virtually exhausted.

Light action was reported throughout Military Region 3 with most of the attacks occurring in Trang Bang District of Hau Nghia Province. President Thieu is reported to have ordered the military commander for the region, General Minh, to use whatever resources are necessary to drive the Communists out of areas they now hold before international control and supervisory personnel arrive and begin inspections.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM-RECOGNITION

Several major US allies are moving toward early recognition of Hanoi. On 1 February Ottawa informed the US that the cabinet had decided in principle to recognize North Vietnam because representation in Hanoi is needed to discuss ICCS and postwar aid matters. The following day an Italian Foreign Ministry official informed the US Embassy in Rome that the Italians had already contacted the North Vietnamese in Peking as a first step toward recognition. An Australian Foreign Ministry official recently stated that Canberra's plans for reconstruction aid would require contact in Hanoi, and that Hanoi presumably would insist on an embassy to match the Australian embassy in Saigon. The Australians plan to approach the North Vietnamese in Paris on 12 February.

In addition, some European officials have expressed uncertainty over the appropriate authorities to deal with in establishing an aid program in South Vietnam. The nine EC members are to meet later this week to consider a joint aid program for Indochina. A Belgian official has implied that the EC could decide to approach the Provisional Revolutionary Government as well as Saigon.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

THAILAND - NORTH VIETNAM

Deputy Foreign Minister Chartchai told a US Embassy official on 2 February that Bangkok intends to initiate contact with Hanoi through Red Cross channels. Bangkok hopes to arrange new discussions on the repatriation of the large number of Vietnamese refugees now residing in northeastern Thailand.

The Thai have long considered these Vietnamese, most of whom fled North Vietnam during the French-Indochina war, to be a serious internal security threat. During the last round of talks in late 1970, Foreign Minister Thanat Khoman strongly hinted that his government was interested in broader discussions aimed at reducing the apparent threat posed by the growing North Vietnamese Army presence in western Cambodia. The talks soon bogged down, however, with both sides evidently concluding that any agreement would have to await the end of the war.

Having already begun to mend their fences with Peking, the Thai could also be taking another tentative step toward a policy of rapprochement with their Communist neighbors. Bangkok recently endorsed a conference of all Southeast Asian states to discuss postwar developments and may use a new round of refugee talks to sound out Hanoi on participation in such a regional meeting.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

FORCE REDUCTION TALKS

On Saturday, the NATO ad hoc group adopted a proposal aimed at resolving the procedural stalemate that is blocking further sessions of the initial talks. The NATO group would blur some of the distinctions between observers and direct participants, but would still require that decisions be made by consensus among the direct participants. This would bring the NATO position closer to that of the Soviets, and a Soviet delegate has stated that if the West should take steps to create the "appearance of equality" of all participants, Moscow would refrain from raising extraneous issues such as neutral participation.

The Soviets have, however, introduced another complication by saying that Hungary does not wish to be a direct participant.

While most Western representatives believe this is merely a Soviet tactic, it could nevertheless cause new problems for NATO. The Benelux countries have linked their direct participation to that of Hungary, and West Germany is concerned that it could become the only NATO country on whose territory certain force controls would be applicable.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

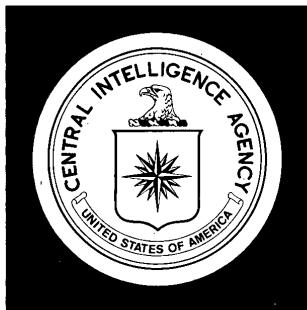
NOTES

Jordan: In a tough speech on the eve of his departure for the US, King Husayn made clear his reservations on the usefulness of Jordan's entering a unified military command with Egypt and Syria-- a statement prompted by the Arab Defense Council's decision last week to appoint a single commander for all three "fronts." Husayn outlined three conditions for Jordan's participation: a clear understanding must be reached on the powers of the command, the Arab subsidies to Jordan must be reinstated, and the fedayeen cannot be allowed to resume operations from Jordan. He also hedged his observation that any partial or separate Middle East peace settlement would be a "fatal stab to the Arab struggle" by noting that the continuation of the present impasse is also a "deadly stab."

Chile: With the important congressional elections just four weeks away, the rival Communist and Socialist factions of the Popular Unity coalition are trying to paper over their squabble about the need for violence in achieving a socialist revolution. They are holding a mass rally tonight in an effort to demonstrate that the strains of power have not destroyed their ability to work together.

FOR THE PRESIDENT ONLY

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The President's Daily Brief

6 February 1973

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THE PRESIDENT'S DAILY BRIEF

6 February 1973

PRINCIPAL DEVELOPMENTS

Fighting in South Vietnam remains at a low level, but we have several reports of Communist military plans relating to the negotiations between Saigon and the PRG and to the arrival of the international observer teams in some areas. (Page 1)

In Laos, Communist forces continue to press government positions in several key areas, and the offensive could complicate the cease-fire negotiations. The Chinese meanwhile continue their road-building effort in the northwest, but have somewhat reduced their military strength there. (Page 2)

Communist insurgents in Cambodia plan to continue fighting rather than accede to Sihanouk's call for a military stand-down. They fear he may meet with Dr. Kissinger in Hanoi. (Page 4)

International financial strains have intensified pressures on Japan to revalue the yen. (Page 5)

President Sadat is purging Egypt's only legal political organization. (Page 6)

25X1

Panama
(Page 7)

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

Military action throughout most of South Vietnam remained slight as the three-day holiday ended.

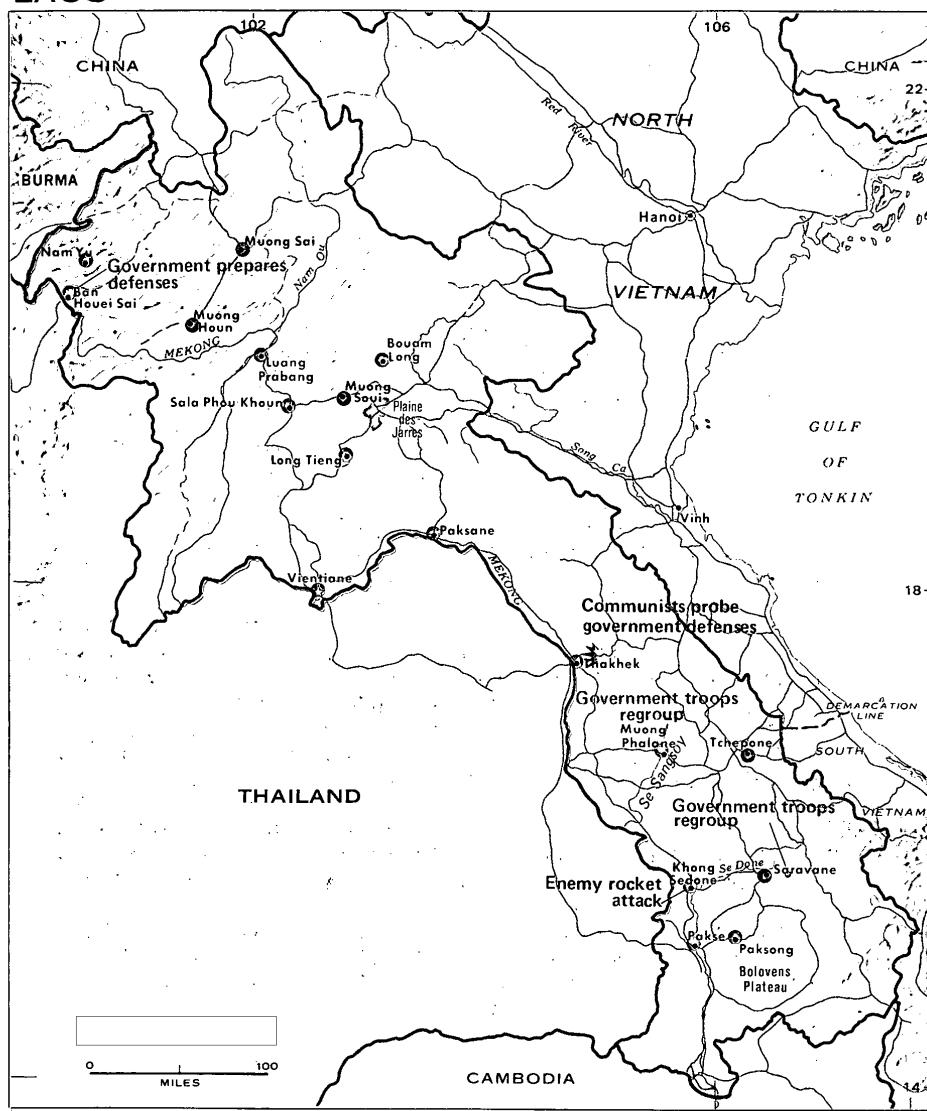
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the Communists regard the two months after the cease-fire as a period to rest and to refit main forces. The Viet Cong are telling their cadre that action thereafter will depend in great part on the outcome of negotiations between Saigon and the Provisional Revolutionary Government which began yesterday in Paris. Should Saigon refuse PRG demands, fighting would resume, but no particular timing has been mentioned.

A few reports continue to mention Communist plans for intensified military action in some areas to expand Communist holdings just before the international observer teams arrive.

Most of these so far appear to refer only to small-scale actions by local forces.

FOR THE PRESIDENT ONLY

LAOS



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FOR THE PRESIDENT ONLY

LAOS

In the remote northwest, the morale of government troops has apparently collapsed following the loss of the base at Nam Yu. The irregular units have withdrawn to the west in disarray and only two of the nine irregular battalions are likely to be of any use in the foreseeable future. The government is attempting to organize a defense of Ban Houei Sai and the few other villages in Houa Khong Province still in government hands.

In central Laos, by yesterday at least one North Vietnamese battalion had crossed the Se Sangsoy River toward Muong Phalane. Other Communist units are probing government defenses near Thakhek. Government units so far have turned back the enemy thrusts with the help of air support, but intercepts suggest that the main enemy effort is yet to come.

Farther south, the Communists have not yet followed up their dispersal of several irregular units near Saravane. Some small enemy units have already slipped behind the irregulars, however, to rocket Khong Sedone to the west and occupy a village only five miles from the town.

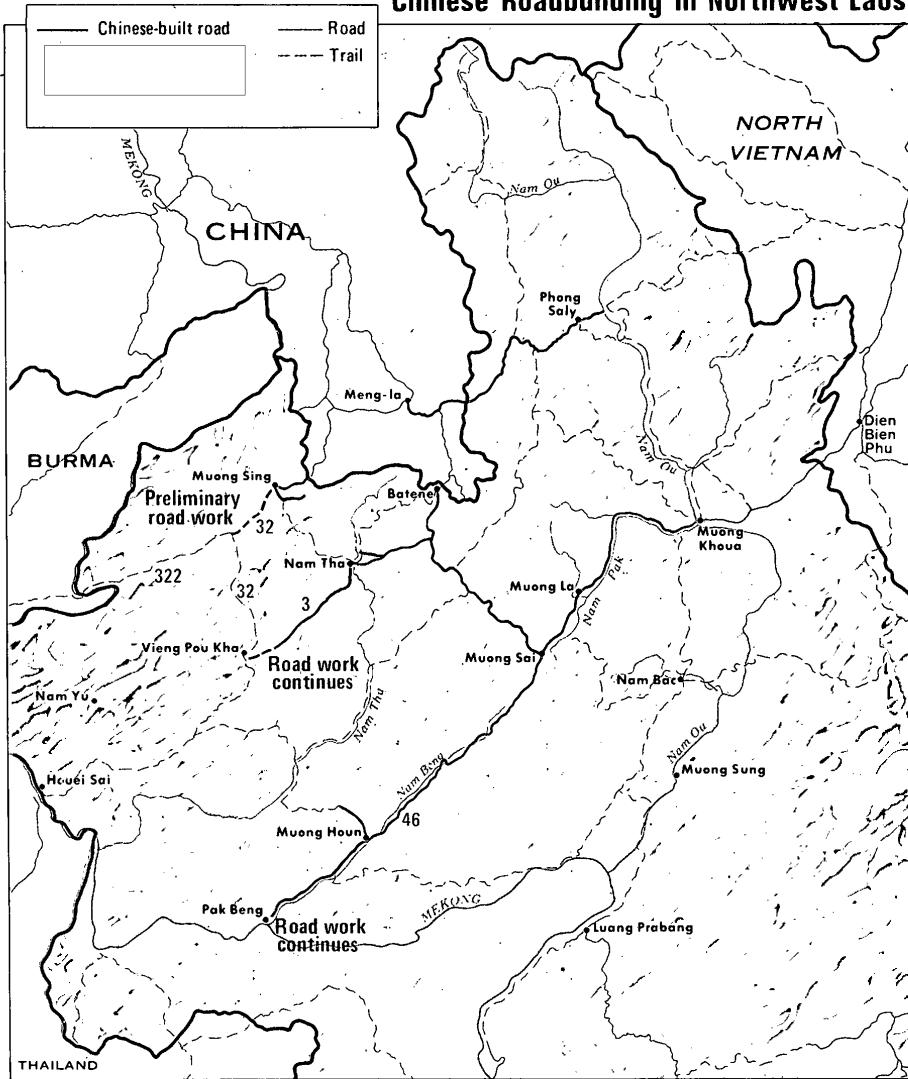
The Communist offensive could seriously complicate the ongoing cease-fire negotiations. The deteriorating situation in Houa Khong Province is a blow to Vientiane, even though the remote area is not of vital interest to most government leaders.

If the Communists continue their offensive in the south or secure a foothold in the Mekong Valley by taking Thakhek, military leaders and southern rightists will react strongly. They will press Prime Minister Souvanna Phouma to hold out for a cease-fire providing for a regroupment of forces along lines existing at the time of the 1962 Geneva accords. This would guarantee the government control over much of the area now being contested in the south. The Communists, however, have consistently demanded an in-place cease-fire that reflects current military holdings.

(continued)

FOR THE PRESIDENT ONLY

Chinese Roadbuilding in Northwest Laos



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FOR THE PRESIDENT ONLY

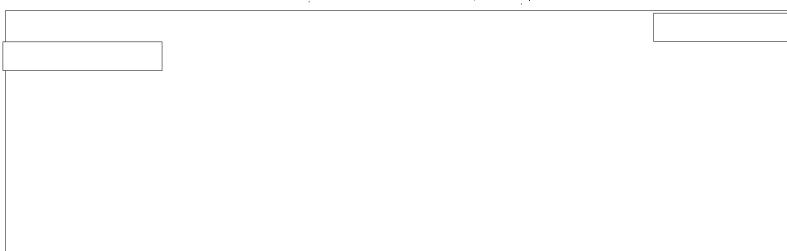
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Meanwhile, the Chinese continue their road-building effort in the northwest. The latest activity [redacted] includes 14 miles of intermittent clearing and grading southwest from Muong Sing, and construction from Nam Tha toward Vieng Pou Kha. As in the past, the road building follows moves by the Pathet Lao to clear government forces.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CAMBODIA

In a message sent to regional commands on 2 February, the standing committee of the Khmer insurgents' central party committee stated that its position is "definitely to fight and attack on the battlefield" and "not to agree to negotiate and accept a diplomatic solution." The intercept also averred that in taking this position "we are not isolating ourselves and we have the strength to continue fighting--both militarily and politically."

In addition, the message expressed serious concern over the possibility that Dr. Kissinger might meet with Sihanouk when visiting Hanoi. The insurgents said they hoped to be able to block such a meeting, and if they failed, would try to maintain their own control anyway. While noting that "Sihanouk's position has been independent of ours," the message added that he "still has some redeemable qualities and we are continuing to obstruct and influence him."

These statements represent a sharp rebuff to Sihanouk, who last Wednesday publicly proposed in Hanoi that the insurgents reciprocate Phnom Penh's military stand-down. The Khmer Communists' unyielding stance indicates that they have not been swayed by Sihanouk's claim of full backing in this matter from Hanoi as well as Peking. Thus an early end to the conflict in Cambodia may hinge largely on North Vietnam's willingness and ability to bring the insurgents into line.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

JAPAN

The current international financial uncertainty has greatly intensified pressures on Japan to revalue the yen. On Saturday the Bank of Japan purchased \$240 million to maintain the yen within its "Smithsonian band." Although relatively little intervention was required yesterday, the situation could flare up again.

25X1

Last weekend the Governor of the Bank of Japan publicly warned that yen revaluation could not be ruled out if the trade account is not brought more nearly into balance.

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Despite these pressures, opposition to a currency change remains strong in some quarters. The powerful Ministry of International Trade and Industry apparently still objects to such a move and has been pushing for alternative steps to cut the trade surplus. It speaks for the many small- and medium-sized Japanese firms that would be most seriously hurt by a currency change. (The Ministry of Finance generally accepted the idea of a revaluation several months ago, realizing that trade measures under consideration would not greatly reduce the surplus.)

25X1

Japanese industry leaders also oppose a further yen revaluation.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT

President Sadat has expelled 75 persons from Egypt's only legal political organization, the Arab Socialist Union. Most are journalists, many of them leftist-oriented and implicated in or sympathetic to student protests. The ASU disciplinary board is studying other cases, and further expulsions may occur.

The purge presumably is intended to put substance into Sadat's warning of 31 January against "deviationism." It seems likely that the president particularly wishes the country's restive students--who returned quietly to classes on Saturday--to note his readiness to act against dissenters. His move may also indicate continuing suspicion of elements within the ASU who supported the challenge to his authority in 1971.

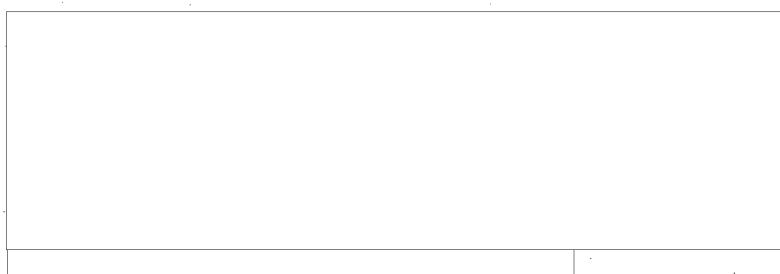
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FOR THE PRESIDENT ONLY

PANAMA

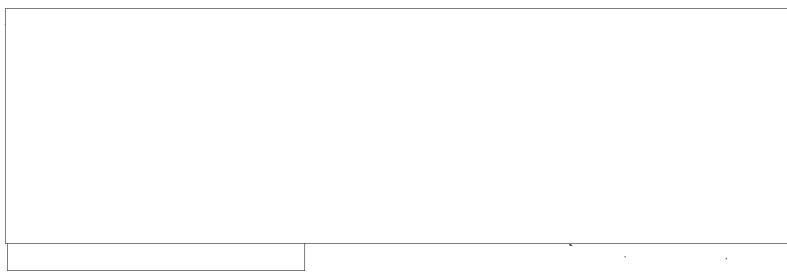


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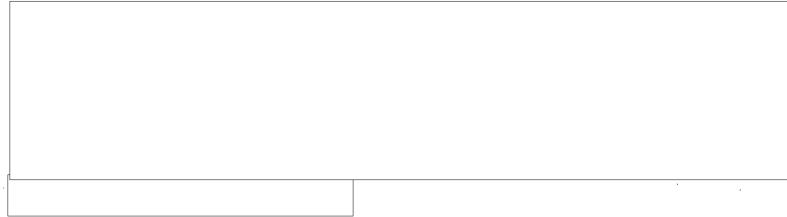
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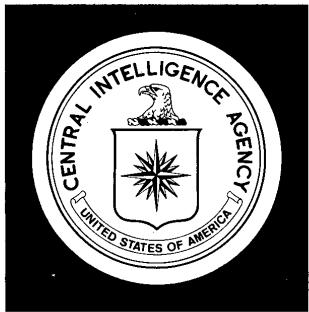
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The President's Daily Brief

7 February 1973

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THE PRESIDENT'S DAILY BRIEF

7 February 1973

PRINCIPAL DEVELOPMENTS

In most areas of South Vietnam Communist units remain under orders to restrict their activity to countering government efforts to resume control of Communist-held territory. (Page 1)

[Redacted] 25X1

[Redacted] 25X1

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(Page 2)

Lao [Redacted]

(Page 3)

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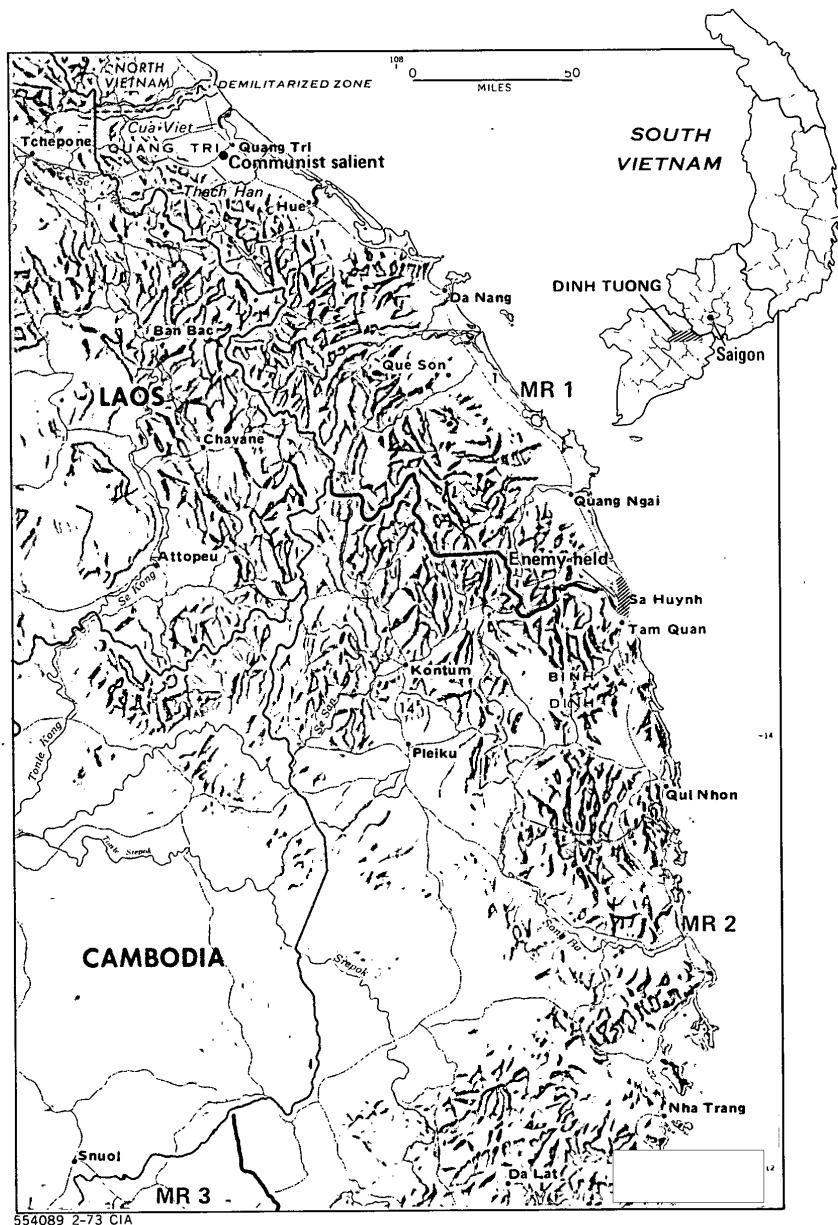
The run on the dollar intensified yesterday morning; although the dollar rallied in the afternoon, currency markets remain unsettled. (Page 4)

In Chile, President Allende has acted to assist the candidacies of the extremists and to ease the feuding within the government coalition. (Page 5)

Argentina's military government is bringing criminal charges against leading Peronist candidates in an effort to throw them off their stride in the election campaign. (Page 6)

The Cambodian Government continues to flounder in trying to begin a dialogue with the Communists. (Page 7)

FOR THE PRESIDENT ONLY



FOR THE PRESIDENT ONLY

SOUTH VIETNAM

Some Communist main forces are moving to improve their defensive posture. In Binh Dinh Province, for example, elements of a North Vietnamese division as well as a field headquarters of the Viet Cong command for the coastal region have shifted to positions near the Tam Quan District capital. These moves could provide a better defense for Sa Huynh village and a 15-mile stretch of Route 1--both seized during cease-fire attacks.

The Communists still substantially control the three northern districts of Binh Dinh Province and the area of concentration to the south along Route 1 as well. Traditionally, this province has been a Communist stronghold.

Intercepts show that main force units in most areas are under orders to restrict their activities to countering government attempts to intrude on Communist-held territory. In Quang Tri Province, for example, North Vietnamese troops have been ordered to fire on government troops should they try to reoccupy the Communist salient south of the Thach Han River. Similarly, enemy troops in the central highlands are to strike back only if the South Vietnamese try to reopen Route 14. In the delta's Dinh Tuong Province, a North Vietnamese regiment has been ordered to eliminate a government outpost inside Communist territory, either by persuading its occupants to leave or by attacking the position.

It is in such grey areas, where both sides have a presence and some influence, that continued fighting is most likely to occur.

[redacted] local forces will do the bulk of the fighting for the Communists in such actions.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SOUTH VIETNAM



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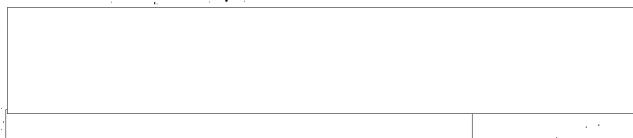
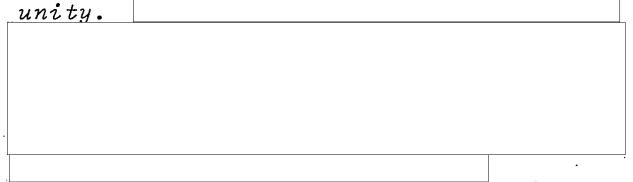
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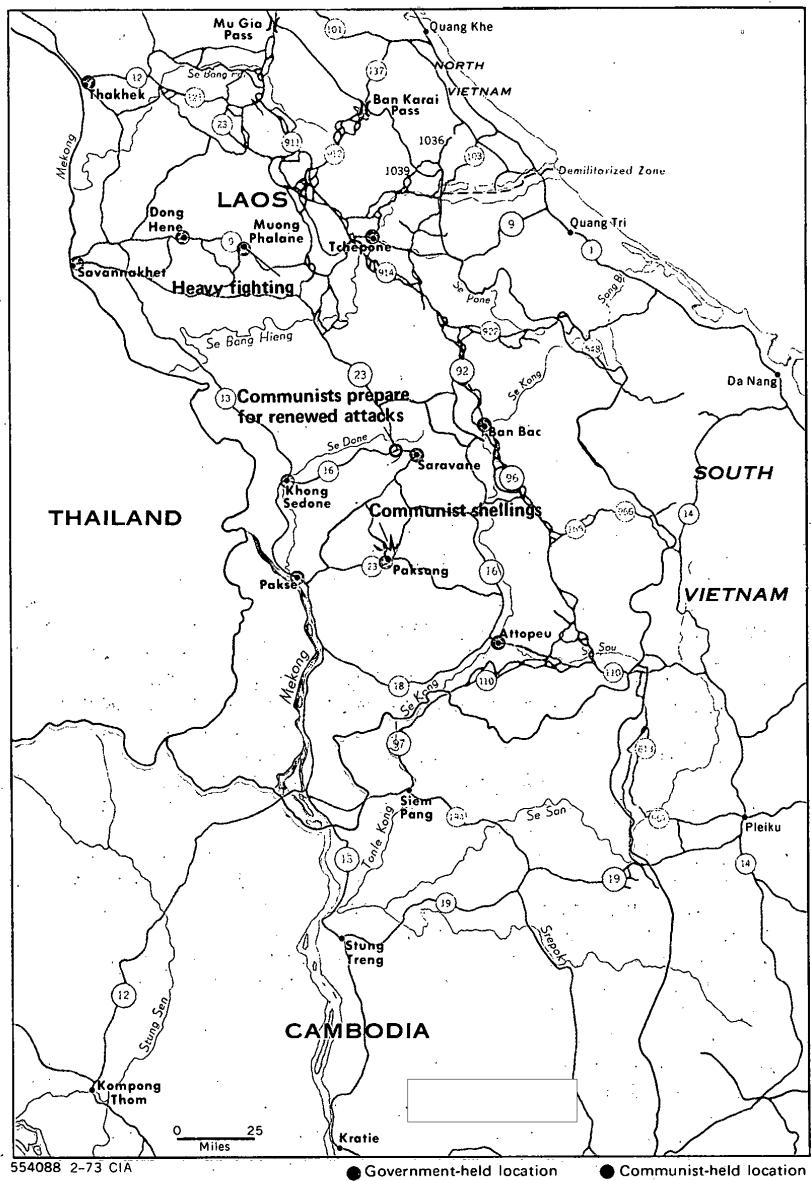
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Recently Thieu has begun to talk publicly about the possibility of early general elections with Communist participation. This could be intended only to throw a scare into the anti-Communist political parties and impel them toward greater unity.



FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

LAOS



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Communist military pressure on Lao Government forces continues. In the south, increasingly heavy shelling and ground probes of government positions near Paksong are under way and the Communists have attacked irregular units around Saravane. Intercepted messages indicate Communist awareness of desertions and low morale among the irregulars. Sharp fighting continues near Muong Phalane in the central panhandle.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

The run on the dollar intensified yesterday morning as traders apparently decided that the new West German capital controls would be inadequate to stem dollar inflows. Although the dollar rallied in the afternoon, currency markets remain unsettled.

West German intentions remain a key to market performance. The Bundesbank will hold a special council session today, and it probably will focus on actions to be taken if massive dollar inflows continue. Since last Thursday, the Bundesbank has bought some \$2.5 billion--\$1.5 billion of it yesterday--in an effort to maintain the mark within the Smithsonian range.

The Japanese market--which opened after the European markets had closed--came under renewed pressure as well. Despite a further tightening of exchange controls, traders apparently stepped up sales of dollar export contracts, and the Bank of Japan intervened heavily in the market to keep the yen within its Smithsonian band. The bank purchased about \$250 million during the trading session.

The gold price continues to rise as a result of the currency crisis. It reached over \$69 an ounce yesterday before profit-taking pushed it back slightly. The all-time record price of \$70 came last summer during the last significant upheaval in currency markets.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHILE

Just when it appeared that feuding among President Allende's coalition partners would hurt their chances in the congressional elections on 4 March, Allende has acted to restore momentum. Within the ruling Popular Unity coalition, extremists have been publicly arguing that Allende and the moderates have failed to push "real" revolution. He sought to placate this group at a rally yesterday, reviving earlier pledges to replace the constitution and bicameral legislature and to impose additional soak-the-rich taxes on the wealthy.

None of this is new, but Allende's reiteration of such radical aspects of his original program lends his prestige to the candidacies of the extremists.

At the same time, Allende has moved to defuse a potentially serious problem--a backlash against his coalition from popular worries over a food shortage. He has entrusted to the more pragmatic elements within the government--Communists and military officers--the task of distributing the government's relatively large stocks of food during the period before the election. The chief of the new dispersing system, Air Force General Bachelet, has assured the people that ample food is available for the coming winter and that distribution will be equitable.

Bachelet's announcement constitutes a clear-cut retreat by the administration from the blatantly discriminatory scheme offered last month. It will help to ease popular apprehensions and--if it works--may help Popular Unity candidates to get elected.

FOR THE PRESIDENT ONLY

ARGENTINA

Argentina's military government is bringing criminal charges against presidential candidate Campora and other Peronists on the grounds that their campaign statements have amounted to incitement to violence.

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[redacted] despite the seriousness of the charge, lenient court action is expected.

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The military apparently intends this to be a mild chastisement designed to throw the Peronists off their stride in the election campaign.

With elections scheduled for 11 March and a run-off expected in April, the Peronists are clearly in the lead but appear short of a majority. Their major issue is the failure of seven years of military rule, and their inflammatory rhetoric is designed chiefly to attract the large youth vote. The Peronists may be able to turn the government's action to their advantage by representing it as a gesture from weakness in the face of an impending Peronist victory.

FOR THE PRESIDENT ONLY

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NOTES

Cambodia: The Cambodian Government continues to flounder in trying to begin a dialogue with the Communists.

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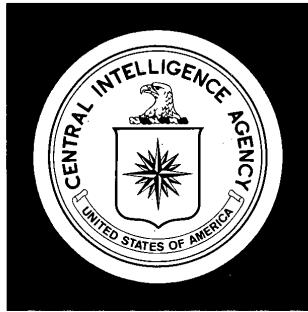
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Dominican Republic: The Balaguer government claims to have found evidence implicating Juan Bosch, head of the opposition Dominican Revolutionary Party, and other political leaders with the small-scale guerrilla invasion of 4 February. It has announced plans to take legal action against them shortly. The government has already arrested some PRD activists but has been unable to locate Bosch. The small invading force meanwhile has been surrounded, and it seems only a matter of time before it will be eliminated.

Uganda: The Sudanese Ambassador in Kampala has reported that President Amin is convinced another effort to topple his government will be conducted from Tanzania. Amin may try to head off such a move by striking militarily against the dissidents while they are still in Tanzania. This report has not been confirmed, and it is just possible that Amin is feeding rumors of threats posed by guerrillas to keep his own army too busy to plot against him.

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The President's Daily Brief

8 February 1973

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THE PRESIDENT'S DAILY BRIEF

8 February 1973

PRINCIPAL DEVELOPMENTS

The North Vietnamese are still sending supplies to South Vietnam, where the fighting is generally light. (Page 1)

Cambodian President Lon Nol is planning to come to the US [redacted] and is trying to entice Sirik Matak into taking the vice-presidency in preparation for his departure. Meanwhile, the Khmer Communists may have launched their "February offensive." (Page 2)

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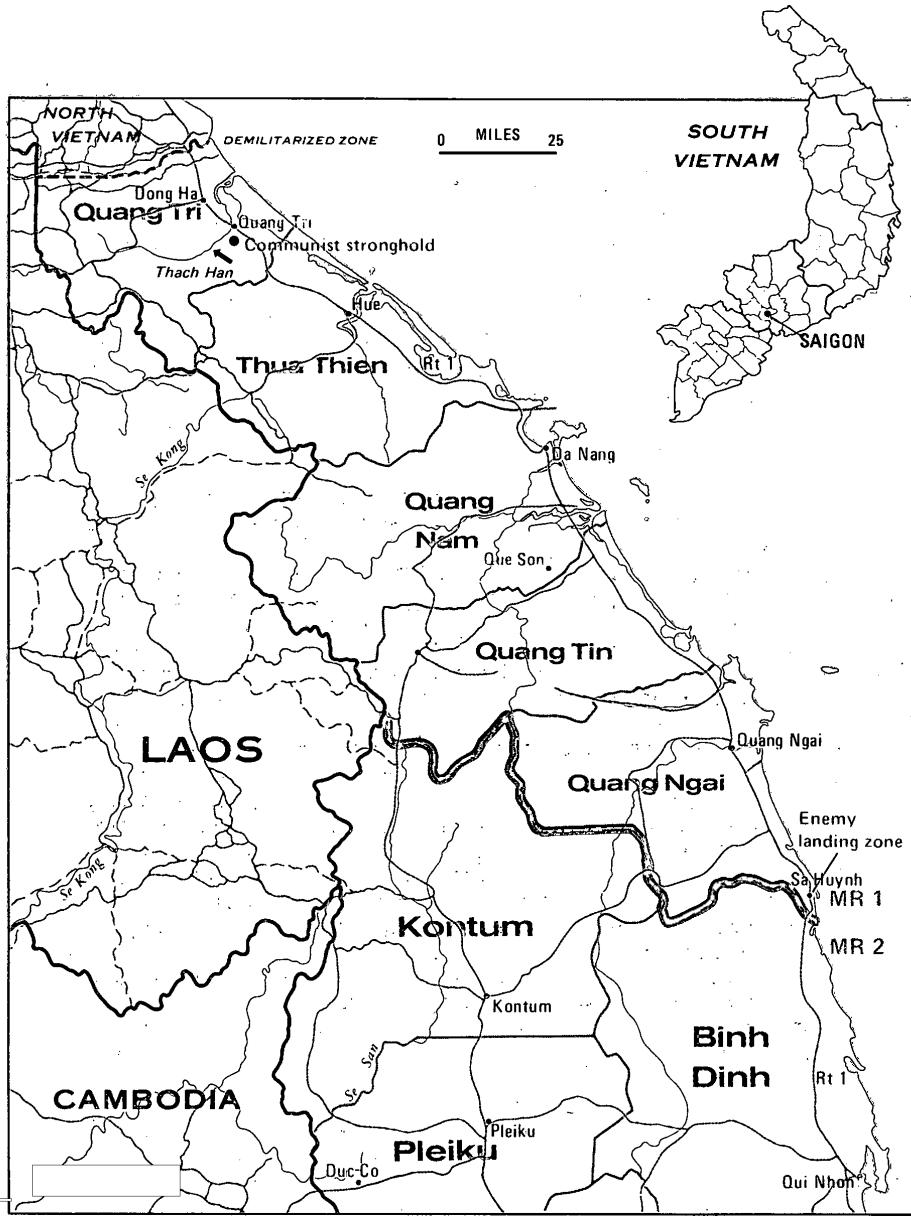
We discuss the run on the dollar on Page 4.

The Soviet Union may be interested in association with the General Agreement on Tariffs and Trade. (Page 5)

Uruguayan military officers are threatening to force President Bordaberry from office. (Page 6)

The Soviets seem to have begun building another aircraft carrier. (Page 7)

FOR THE PRESIDENT ONLY



25X1
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FOR THE PRESIDENT ONLY

VIETNAM

The North Vietnamese are continuing to move supplies to South Vietnam, some of it by sea. An intercept of 6 February disclosed that logistics units in the Vinh area had dispatched at least 50 tons of explosives and ammunition to South Vietnam--the first such shipment noted since the cease-fire. Traffic levels are also high in southern Laos, with the heaviest truck traffic near a North Vietnam - Laos border crossing point where sensors recorded 150 southbound movements on 5 and 6 February. [redacted]

25X1
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[redacted] intercepted North Vietnamese communications indicate heavy truck activity farther south, some of it possibly involving supply shipments to the central highlands. In addition, a Communist convoy of 75 loaded trucks was spotted moving south in Tay Ninh Province just south of the Cambodian border.

The Communists have recently delivered some supplies by sea to enemy-controlled territory in north-central South Vietnam. [redacted]

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[redacted] showed large stacks of supplies on a beach in southern Quang Ngai Province, with a small cargo vessel, possibly a North Vietnamese infiltration trawler, standing by a few miles offshore.

The Communists destroyed a South Vietnamese coastal radar site south of this point a few days earlier, and they have expanded their control along the coast in this area, apparently in anticipation of further seaborne shipments.

* * *

The level of military activity remains low in most areas of South Vietnam, but some increase in fighting has occurred in the north. The heaviest activity took place in Quang Ngai Province, where government troops attempting to retake Sa Huynh report progress. In Quang Tri Province, the Communists have increased their shellings of South Vietnamese paratroops trying to clear a North Vietnamese stronghold along the Thach Han River.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CAMBODIA

President Lon Nol will leave soon for the United States

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[redacted] Lon Nol hopes to secure Sirik Matak's appointment as vice-president, so that Matak can hold the reins of power during his absence.

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Lon Nol has been trying to persuade Matak to accept the vice-presidency since last March, when Matak quit the government after a serious political falling out with Lon Nol. Matak has steadfastly rejected all of Lon Nol's appeals, primarily because of doubts that he would have any real authority.

Matak, however, may now be tempted to rejoin the government by the prospect of serving--if only temporarily--in Lon Nol's place. At the same time, Lon Nol evidently believes that, despite their differences, he can still trust Matak to protect his political interests.

Matak's acceptance of the vice-presidency presumably would not only bring a measure of administrative efficiency, but would boost the spirits of the isolated and demoralized opposition and perhaps promote political unity in Phnom Penh. Moreover, Lon Nol's departure on medical leave could cause the government to be more active in seeking a political dialogue with the Khmer insurgents.

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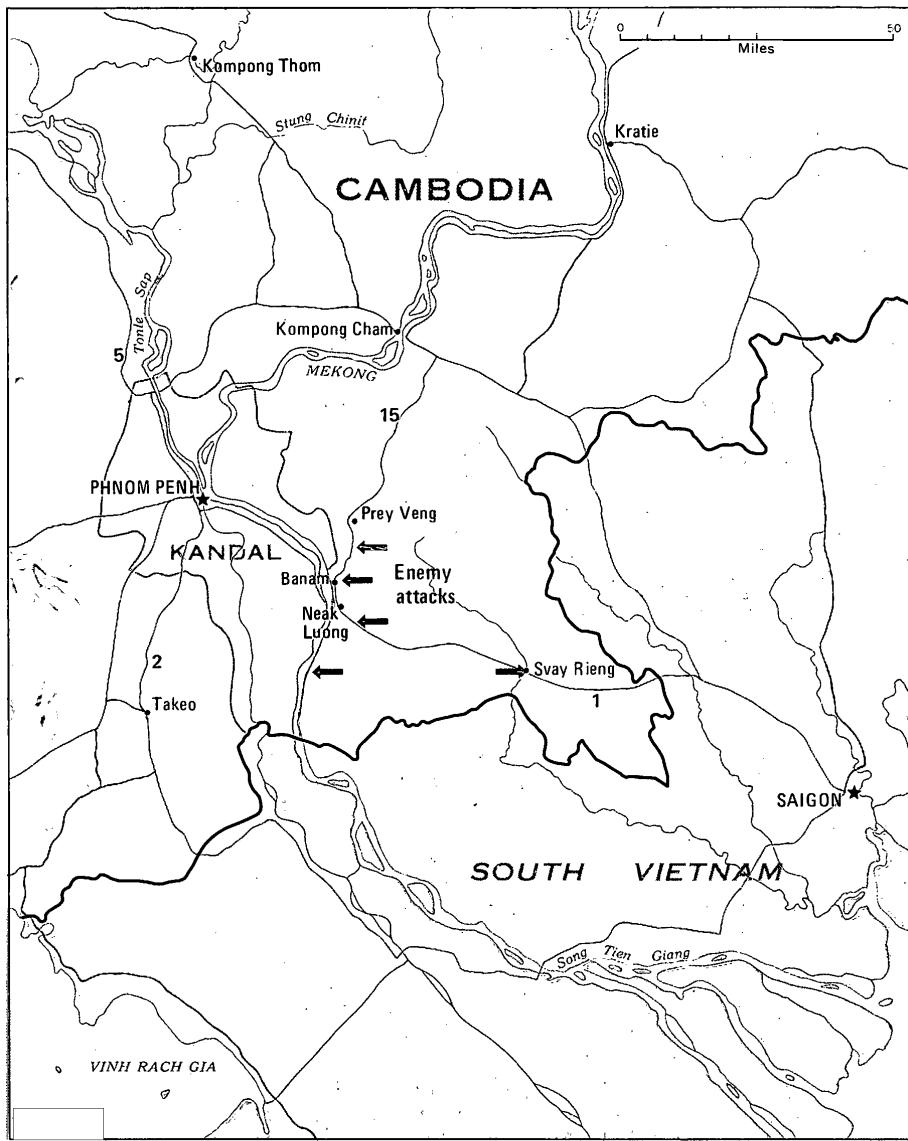
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* * *

Yesterday the North Vietnamese released a joint communiqué drafted during exiled Prince Sihanouk's visit to Hanoi. It sheds little light on prospects for a cease-fire in Cambodia and in fact gingerly sidesteps the gulf between Sihanouk's proposal on 31 January of a de facto end to the fighting, and the Khmer Communists' determination to fight on. The North Vietnamese took the opportunity once again, however, strongly to endorse Sihanouk as the only legal head of the Cambodian state.

(continued)

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

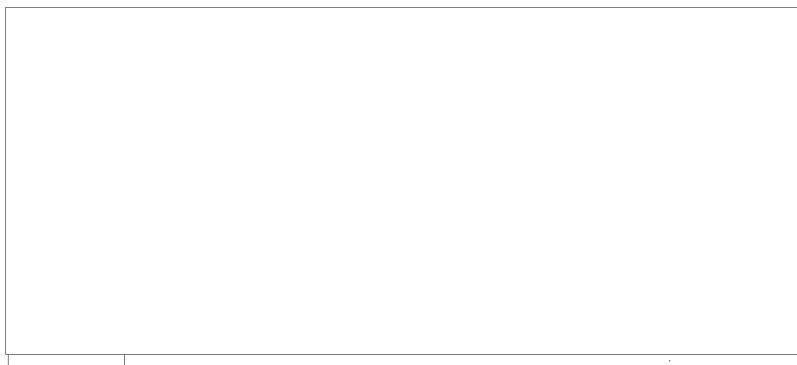
* * *

The "February offensive" recently referred to in some Khmer Communist messages may be getting under way. Since 6 February insurgents have been probing government positions east of the Mekong and along the river itself. They have also rocketed the isolated city of Svay Rieng and unsuccessfully attacked its outer defenses. One intercept indicates that the insurgents also intend attacks in southern Kandal Province, near the border with South Vietnam, in what may be an attempt to obstruct Mekong River traffic, choking off a vital supply route to Phnom Penh. The defenses around the capital are to be harassed by artillery.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS



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* * *

Foreign currency markets generally were quiet yesterday as traders awaited the outcome of what turned out to be an unproductive special meeting of the Bundesbank. Nevertheless, the dollar closed weaker against most major currencies. The dollar's continued problems were partly attributable to a statement by a Bonn official that West Germany is prepared to consider the introduction of a two-tier foreign exchange system to defend the mark. The Foreign Ministry issued a quick denial, but the remark was enough to weaken the dollar. It closed at its floor against the mark and the Dutch guilder in the major European markets.

Foreign banks have spent roughly \$4 billion in dollar interventions in the past week. Last summer, worldwide dollar interventions in the wake of the pound float amounted to over \$6 billion. The recent West German interventions of over \$2.5 billion, however, already approximate those of last year.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR-GATT

At a meeting last week of members of the General Agreement on Tariffs and Trade, the Polish delegate asked if a way could be found for non-members who have a significant role in international trade to take part in GATT's next round. He also suggested that the absence of a major agricultural importer might handicap negotiations on farm products.

The Pole presumably was putting out a feeler on behalf of Moscow. The Soviets may now be changing their traditionally negative attitude toward GATT because of their need for agriculture imports and their desire to see Western trade barriers lowered. They may also hope to obtain better terms for Eastern agricultural exports to Western Europe, which face higher tariffs as the Common Agricultural Policy is applied to the enlarged EC. Except for East Germany and Albania, all of East Europe has some form of representation, but little influence, in GATT.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

URUGUAY

President Bordaberry and senior military officers seem headed for a showdown over who will wield power in Uruguay. Military leaders have been disgusted by the failure of civilian politicians to provide honest or efficient government

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There is much talk of a coup in Montevideo, particularly since yesterday, when Bordaberry replaced his defense minister with a retired army general known for his strong constitutionalist views. Should the dissident officers choose to challenge this change, indications are that Bordaberry will try to dismiss them as well.

Uruguay's present military leaders have never had to face such a strong stand by a president; they are accustomed to compromise. Nevertheless, tempers are high, and a bold move by Bordaberry could force the generals to choose between ousting him or backing down. The officers would face strong--possibly violent--civilian reaction to an outright coup.

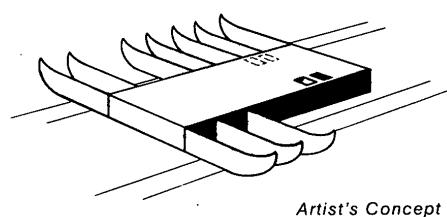
FOR THE PRESIDENT ONLY

New Hull Section
at Nikolayev Shipyard



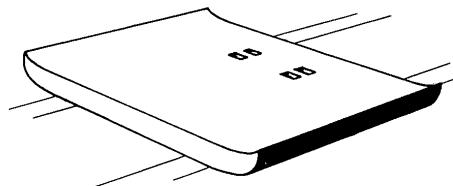
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New Incomplete Hull Section
As Seen In Photo



Artist's Concept

Hull Section of Carrier Just Launched



Artist's Concept

554098 2-73 CIA

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FOR THE PRESIDENT ONLY

NOTES

[redacted]

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[redacted] It is placed on the way
in the same spot where the first hull section of
the initial carrier was laid in mid-1970. If a
second aircraft carrier is under construction, it
could be launched in 1975 and ready for service in
1978.

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Jordan-USSR: [redacted]

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25X1

Cyprus: Yesterday's raids for arms on police
stations by General Grivas' forces may be a pre-
lude to more violence today, the filing deadline
for candidates for president. If no opposition
candidate files, Archbishop Makarios will automati-
cally be re-elected. The raids seem designed to
frighten Greek Cypriots away from a mass pro-Ma-
karios rally scheduled for today. The police are
on alert in anticipation that Grivas will try to
disrupt the rally. If conflict should break out,
a close associate of Makarios says the Archbishop
can count on some 3,000 armed men. [redacted]

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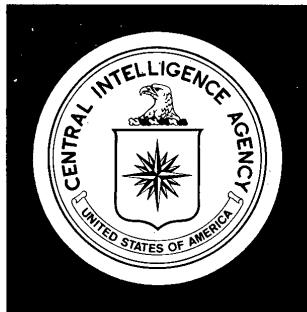
[redacted]

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FOR THE PRESIDENT ONLY

Top Secret



The President's Daily Brief

9 February 1973

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~~Top Secret~~
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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

9 February 1973

PRINCIPAL DEVELOPMENTS

The military situation in Laos continues to deteriorate, but Prime Minister Souvanna Phouma believes that agreement on a cease-fire is near. (Page 1)

[] Vietnam []
[] (Page 2) []

25X1 25X1

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New developments in the international monetary situation are discussed on Page 3.

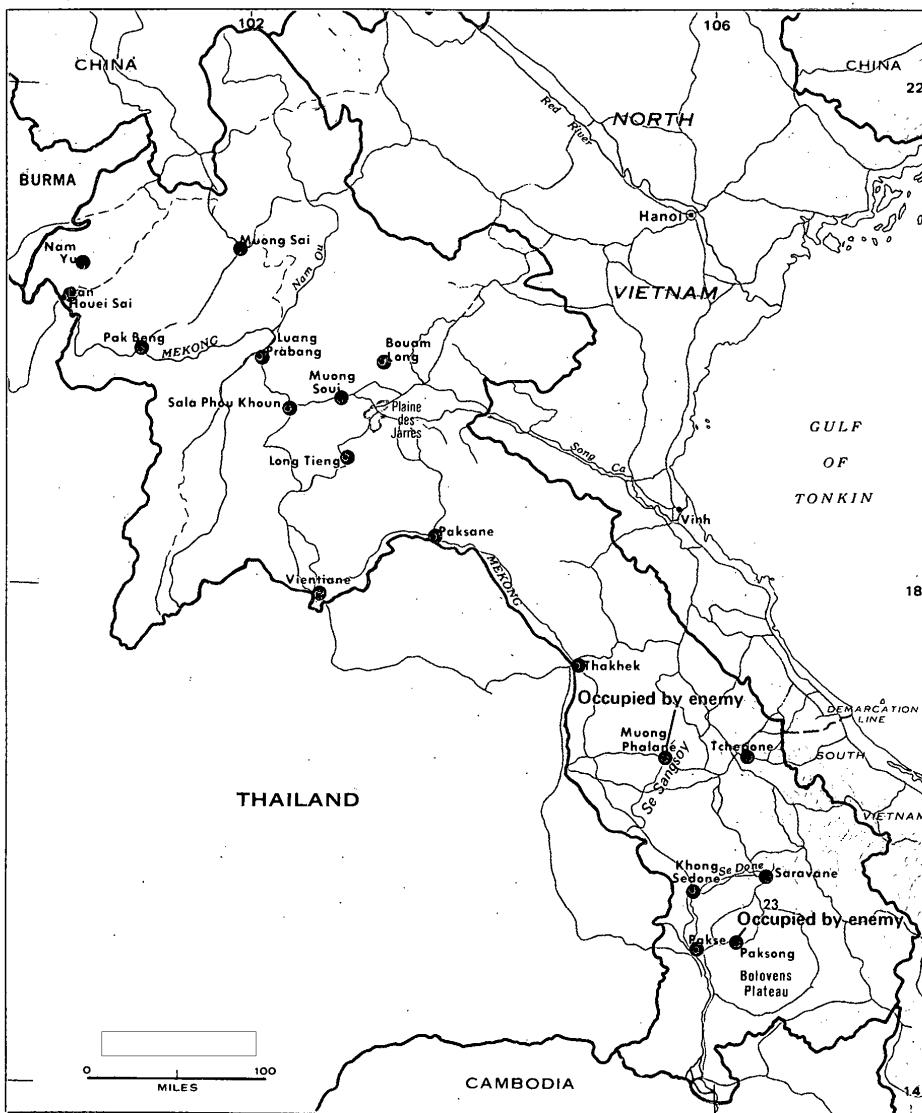
Egypt and Libya are said to be moving ahead with their unification plans, but many major hurdles remain. (Page 4)

Moscow's relations with the fedayeen are becoming increasingly strained. (Page 5)

Senior Uruguayan military leaders have thrown down the gauntlet to President Bordaberry by demanding that he fire the new defense minister he appointed on Wednesday. (Page 6)

FOR THE PRESIDENT ONLY

LAOS



554102 2-73 CIA

● Government controlled

● Communist controlled

FOR THE PRESIDENT ONLY

LAOS

Government forces yesterday abandoned Paksong on the Bolovens Plateau in the face of heavy shelling and strong ground attacks by elements of the North Vietnamese 9th Regiment. An effort is now being made to set up new defensive positions along Route 23 west of the town in hopes of maintaining at least a token government presence on the Plateau.

North of the Bolovens, the government campaign to recapture Saravane appears near collapse. Several of the irregular battalions that had been trying to move on the town now are retreating toward Khong Sedone. Government units still in the area, weakened by casualties and desertions, are unlikely to hold their ground against renewed Communist attacks.

On Thursday the North Vietnamese also occupied Muong Phalane in the central panhandle. Government troops still hold hamlets north and south of the town. Skirmishing continues around Thakhek in the Mekong Valley, but the arrival of 1,400 irregulars will enable the government to regain the initiative in this area.

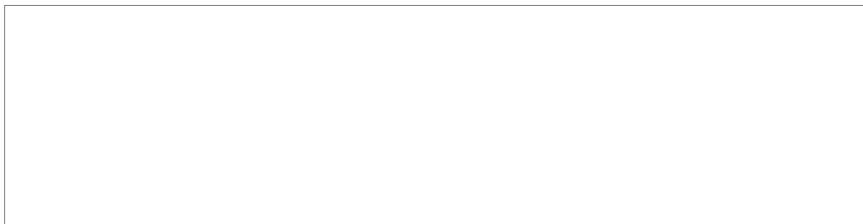
Little significant fighting has been reported in the rest of the country. In the far northwest, field commanders are hurriedly reorganizing their forces in anticipation of further enemy attacks. Irregulars from Nam Yu and nearby positions abandoned late last week have joined other government troops to form a defensive line stretching north from Ban Houei Sai.

Meanwhile, Prime Minister Souvanna Phouma continues to meet with the senior Lao Communist representative, Phoumi Vongvichit, and remains optimistic that an agreement is near. The chief remaining obstacle is the Communist refusal to accede to Souvanna's demand that he be recognized as the only head of the neutralist faction. In an apparent effort to pressure the Pathet Lao to accept his terms, Souvanna yesterday called in the Soviet, British, and Indian ambassadors and the three International Control Commission representatives in Vientiane to explain the proposed agreement. He told the British ambassador that a cease-fire would be signed on 13 February and come into effect the next day.

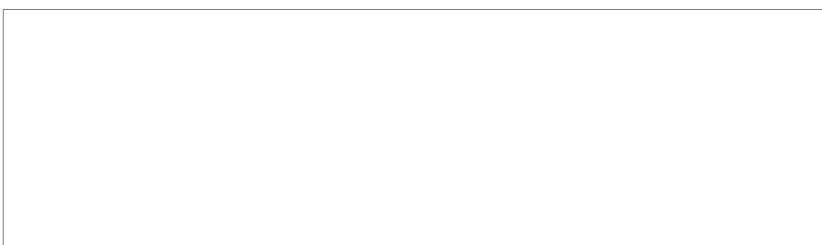
FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

The dollar fell below its floor yesterday, requiring the Bundesbank to intervene from the opening of the market. Total purchases by the central bank amounted to about \$1.7 billion, bringing total West German interventions since the crisis began on 1 February to about \$4 billion.

The crisis is becoming a test of wills between the Bundesbank and international money speculators. It is also stirring new waves of anxiety about policy directions in Washington.

Concern is increasing, for example, over what new trade concessions the US may demand to help cure its balance-of-payments deficit. The recent GATT preparatory meeting for the future multilateral trade negotiations made it clear that the Europeans are not disposed to go very far in discussing trade matters until they have a better idea what negotiating authority the US administration will seek from Congress.

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At the same time, some German financial commentators have publicly alleged [redacted]

25X1

[redacted] *that the US may be encouraging the speculative flows and is not unhappy with the resulting de facto devaluation of the dollar. Many Europeans are expressing the wish for a united response to the crisis, but no consensus has yet appeared on what measures should be adopted. Current proposals include a joint two-tier system in the European Communities to control capital movements or possibly even a common floating of community currencies.*

25X1

Meanwhile, the Japan foreign exchange market, which has already closed today--Tokyo time--reacted strongly to the increased activity on the European markets yesterday. The yen remained at its intervention point, with the Bank of Japan buying \$240 million. This nearly matches the largest purchase by the central bank during the current crisis.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT-LIBYA

[redacted] plans for union are proceeding on schedule. Union will be formally proclaimed on 1 September, and the constitution will be ratified and a unified cabinet named within a month or so afterwards. Later steps, such as the election of a congress and the passage of laws covering all aspects of the unity arrangements, are to stretch out over a much longer period, probably well into 1974.

25X1

Many major hurdles remain before unity can become a reality. Cairo is not prepared to surrender any significant degree of authority to the Libyans, and is reluctant to involve itself in another abortive merger such as the one with Syria from 1958 to 1961. The Egyptian Leaders' primary interest remains in ensuring continued access to Libyan funds.

The Libyans also have misgivings. President Qadhafi fears that mounting pressure on the Cairo government to break the Middle East stalemate may undermine President Sadat's position. The developing rapprochement between Egypt and Jordan causes him to suspect that frontline states may abandon the "battle of destiny" with Israel. Qadhafi and other members of the Revolutionary Command Council are also trying to allay widespread anti-union sentiments in Libya by insisting that the union will truly be a reciprocal partnership.

Qadhafi has signaled his intention to retain a major voice by suspending cash transfers to Cairo except those earmarked for arms purchases. Despite his reservations, however, he continues to prepare for union and to press for advancing the timetable.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR-FEDAYEEN

The strains are growing in Moscow's relations with the fedayeen. The primary irritant is the continuing emigration of Soviet Jews to Israel. Departures this year are at about the same rate as last year, when some 32,000 Jews left the USSR, mostly for Israel.

Fedayeen resentment has also been heightened, however, by a belief that the Soviets had a part in foiling a Black September terrorist operation against a transient center in Vienna used by Soviet Jews en route to Israel.

The Soviets have long counseled the fedayeen against counterproductive terrorism and would not hesitate to thwart a fedayeen plot that might embarrass them. Whether or not Moscow was involved, the incident illustrates the growing lack of trust between the fedayeen and the Soviets. There are likely to be more such frictions as long as large-scale Jewish emigration continues.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

URUGUAY

The senior army and air force leaders have thrown down the gauntlet to President Bordaberry by demanding that he fire the new defense minister he appointed on Wednesday. They did so after the new minister--a retired general--took a strong stand against further military meddling in politics. Bordaberry has defied the demand and has appealed for popular support.

Although top navy leaders continue to support the president, we doubt that they would be able to offer more than token resistance should the army and air force decide to force the ouster of either the defense minister or the president.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

Chile: Because of a shortfall in its wheat production, Chile is seeking to boost this year's imports to some 1.3 million tons, 73 percent above the 1972 total. Santiago has signed contracts with Argentina, the USSR, Australia, South Africa, Romania, and Bulgaria for about half its needs, but has been unable to obtain any more from them. Chilean officials state that the US and Canada are the only possible sources for the balance of this year's requirements. The wheat from the USSR amounts to 100,000 tons and is part of the 1 million ton Soviet-Australian grain deal concluded late last year.

Cyprus: Archbishop Makarios was returned unopposed to the presidency for a third time yesterday as tens of thousands of his supporters held a peaceful mass demonstration in Nicosia. Followers of General Grivas made no attempt to disrupt the rally.

FOR THE PRESIDENT ONLY

Top Secret



The President's Daily Brief

10 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

10 February 1973

PRINCIPAL DEVELOPMENTS

In Laos, the loss of Paksong has sparked a hasty withdrawal of nearly all government forces from the Bolovens Plateau. General Vang Pao is trying to make some last-minute gains around the Plaine des Jarres

25X1
25X1

(Page 1)

The Saigon government has dispatched three battalions to replace departing South Korean troops in central South Vietnam. In the North, a small convoy of vessels has left Haiphong and moved through the minefields. (Page 2)

One of Prime Minister Tanaka's closest advisers says that Japan cannot "forever" recognize Saigon as the only legitimate government in Vietnam. (Page 3)

Cambodian President Lon Nol is accelerating his campaign to make Sirik Matak his vice-president.
(Page 4)

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As the international monetary crisis showed no signs of easing yesterday,

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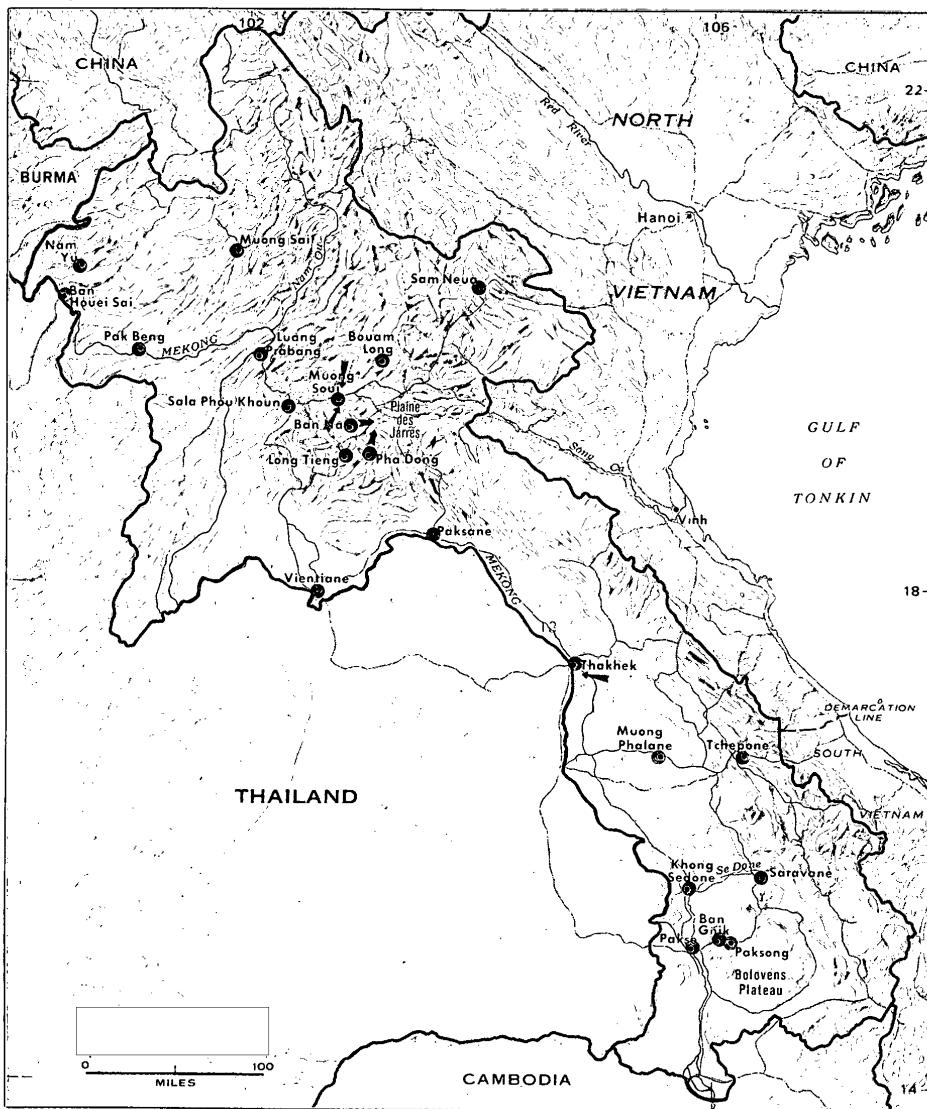
(Page 5)

The Soviet Union plans to use underground nuclear explosions to aid in mining gold in eastern Siberia.
(Page 6)

Uruguay's President Bordaberry has bowed to rebelling military leaders and sacked his new defense minister, thus saving his own job for the moment but acknowledging the reality of military dominance of his government. (Page 7)

FOR THE PRESIDENT ONLY

LAOS



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FOR THE PRESIDENT ONLY

LAOS

The loss of Paksong on Thursday has sparked a disorderly withdrawal of nearly all government troops on the Bolovens Plateau. Commanders are now attempting to rally their units at Ban Gnik, the last natural defensible position on the western Plateau. Late yesterday two other positions farther east on Route 23 were still in government hands.

The North Vietnamese, apparently now consolidating their control of Paksong, can be expected to move soon to push government forces from the western Bolovens. We see no evidence, however, that they intend to depart from their long-standing policy and attack Pakse, the major town in southern Laos. They are more likely to try to tie down as many government troops as possible to forestall a counterattack prior to a cease-fire.

With government units on the defensive elsewhere in the country, General Vang Pao has been trying for several weeks to make some last-minute gains around the Plaine des Jarres. A force of over 2,000 irregulars in the Muong Soui area is trying to move into that Communist logistics base west of the Plaine. Lead units are within three miles of Muong Soui to the north, but Communist units have been diverted to the area from Bouam Long and Sala Phou Khoun, and there appears to be little chance that the irregulars will capture the village.

Elsewhere a 1,000-man irregular force is moving from Ban Na toward the western edge of the Plaine and a smaller force is attempting to push toward the southern Plaine from Pha Dong. Intercepts indicate that the Communists have been anticipating a move toward the Plaine for some time and have positioned their heavy artillery and infantry units to counter such a drive.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

Three government battalions have been dispatched to fill the gap caused by the departure of two South Korean regiments from Phu Yen Province in central South Vietnam. The fresh troops will join the heavy fighting against Viet Cong forces in the province. Local officials have privately said they hope that truce teams will not arrive for four or five days to give them time to clear the Communists from about 24 hamlets.

Elsewhere in the country, the Communists initiated little action. The South Vietnamese have opened additional sections of major roads leading to Saigon that the Communists had blocked.

* * *

A US Navy helicopter crew spotted a small convoy of vessels, including two foreign merchant ships and a coastal freighter, leaving Haiphong harbor and passing through the minefields yesterday. The two 500-foot ships--one Soviet and one Cuban--were preceded by as many as eight small craft. After the convoy cleared the minefields, the small craft returned to the port.

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Both ships recently took on fuel, and intercepted communications indicated they would be leaving the port on the 8th or 9th.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

JAPAN - NORTH VIETNAM

One of Prime Minister Tanaka's closest advisers has told the press that Japan cannot hold "forever" to recognition of Saigon as the only legitimate government in Vietnam.

He was responding to remarks made earlier to Japanese journalists by the chief editor of North Vietnam's party daily. The editor indicated that Hanoi is prepared to "overlook" Japan's cooperation with the US in the Vietnam war, and that Tokyo's relations with Saigon would not hinder the establishment of normal relations.

25X1

Japan wishes to retain its ties in Saigon. Partly for this reason, the Japanese will oppose any suggestion that they make unilateral contributions to the rehabilitation of North Vietnam or to areas of South Vietnam under control of the Provisional Revolutionary Government. A delegation from the Japanese Foreign Ministry plans to visit Hanoi on 20 February.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CAMBODIA

President Lon Nol is moving into high gear in his campaign to make Sirik Matak his vice-president.



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Lon Nol is also trying to persuade former Democratic Party chief In Tam to become presidential "adviser on national accord."



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

The monetary crisis showed no sign of easing yesterday as foreign central banks, principally the Bundesbank, took in another \$2 billion. The West German, British, and French finance ministers met last night in Paris to seek a solution.

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Tokyo did not open its foreign exchange market today for the usual half-day session.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

The Soviet Union plans to use underground nuclear explosions to aid in mining gold near Yakutsk in eastern Siberia later this year [redacted]

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25X1

[redacted]
[redacted] 25X1

The Soviets have significantly expanded their program for peaceful use of nuclear explosions during the past two years, using them to extinguish gas well fires, to dam a river, to create underground storage cavities, and to stimulate oil and gas production.

The use of nuclear devices in gold mining would be another example of the intensive Soviet effort to increase their gold production. Over the past eight years, the Soviets have expanded their output by about 70 percent despite the extraordinarily high cost of mining gold in remote areas. The Soviet Union's estimated production of 270 metric tons in 1972 was exceeded only by South Africa's output.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

URUGUAY

President Bordaberry has capitulated to rebelling army and air force leaders by removing newly appointed Defense Minister Francese as they had demanded. The entire cabinet resigned in an attempt to disguise the surrender. Radio stations seized by the army and air force had broadcast communiqués outlining programs for combatting inefficiency and corruption in government and offering policy guidelines on subjects as varied as export promotion and land reform.

Bordaberry has saved his own titular leadership for the moment, but the reality of the military's will and ability to dominate the Uruguayan Government has now been demonstrated. Although the crisis erupted over an area of their special concern--the Defense Ministry--the military have underlined their claim to influence broad policy issues extending far beyond their traditional responsibility. Thus even if Bordaberry retains the office of president, his freedom of action in all areas of government is certain to be increasingly curtailed.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

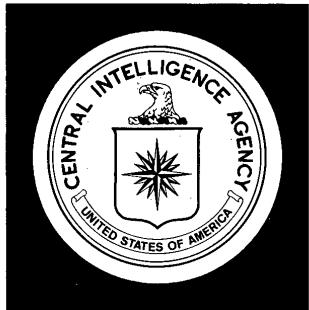
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Egypt: The resumption of university classes last Saturday was followed almost at once by minor anti-government demonstrations. About 160 students were arrested this week. A group of Cairo University students is planning protest marches in downtown streets today to protest the arrests and the lack of freedom of expression. Egyptian security forces plan to disperse the marchers by force, if necessary.

France: A district-by-district analysis prepared by the Interior Ministry shows the left alliance continuing to gain in voter preference. The survey shows the alliance as likely to win 220 of the 490 assembly seats in the elections on 4 and 11 March, the centrists 35 seats, and the Pompidolian coalition 235 seats. Public polls show a similar trend. The government coalition still has found no issue to capture the public imagination and is maintaining its emphasis on the dangers of giving power to the left.

FOR THE PRESIDENT ONLY

Top Secret



The President's Daily Brief

12 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

12 February 1973

PRINCIPAL DEVELOPMENTS

Major money markets are closed while key powers are attempting to organize a conference to deal with the monetary crisis. Any adjustment of exchange rates will include appreciation of the mark and the yen relative to the US dollar. (Page 1)

Some of the 300 North Vietnamese tanks and armored vehicles that started into the infiltration system last fall are crossing into South Vietnam and Cambodia. The military situation in South Vietnam is virtually unchanged. (Page 2)

There is still sharp fighting at a number of locations in southern Laos. (Page 3)

In the MBFR talks, the Soviets appear to be angling toward discussion of their forces in Hungary in return for discussion of US forces in Italy, and perhaps Spain. (Page 4)

Uruguay's President Bordaberry appears on the verge of resigning. (Page 5)

President Sadat's security adviser has returned to Egypt from Moscow. (Page 6)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

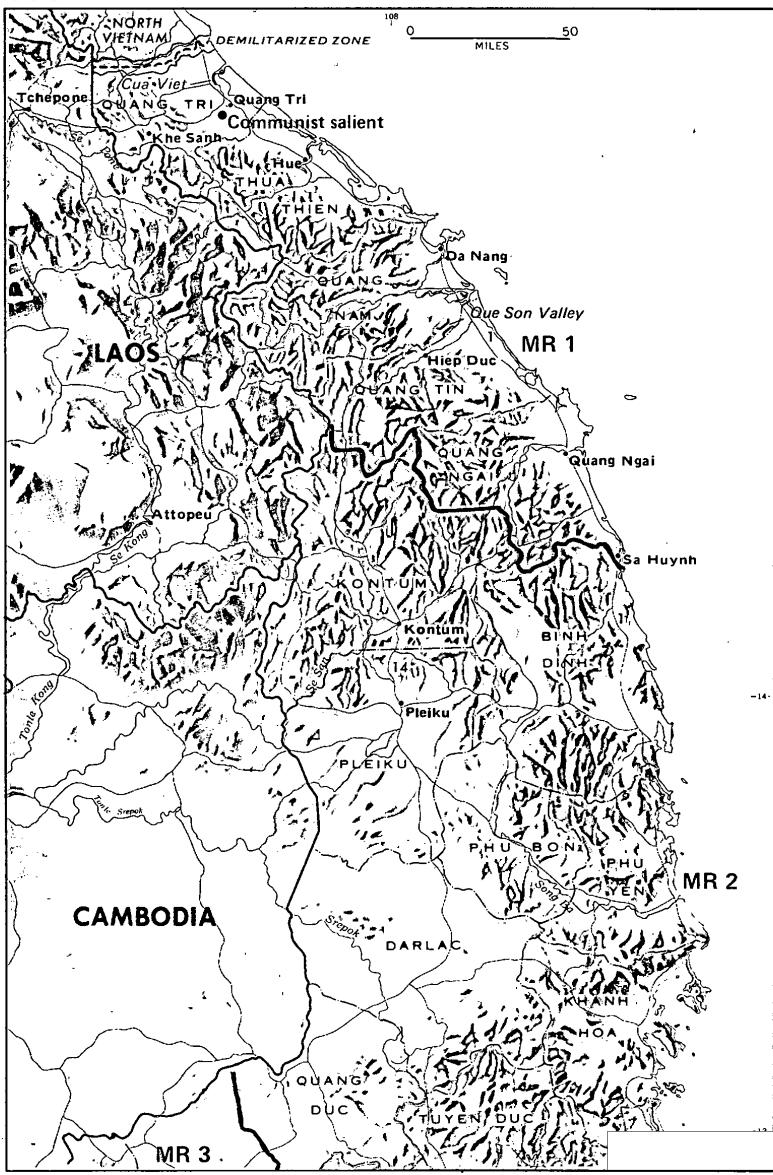
The major powers are attempting to organize a high-level international conference to deal with the monetary crisis. Several discussions have already been held or are in process. There is still no official word on the results of the meeting Friday night of the British, French, and German finance ministers in Paris, but all three nations and Japan announced yesterday that their currency markets would not reopen after the weekend. Elsewhere, central bankers are meeting in Basel, and a special Japanese envoy is in Bonn for urgent talks. West Germany, which bore the brunt of this round of currency speculation, was the last major nation to announce market closing.

Its alternatives clearly were unpalatable. A two-tier foreign exchange system would be extremely difficult for Bonn to manage. West Germany's huge trade surplus would create inordinate pressures on the mark designated for use in commercial transactions. Moreover, the Federal Government has little experience in handling economic controls of the complexity needed to assure success of such a system. A unilateral float would fly in the face of repeated public statements and unacceptably impair the competitive position of German industry. Continued large-scale interventions in support of the dollar have already become prohibitively expensive, both financially and politically.

The exchanges presumably will remain closed until an agreement on adjusting exchange rates can be worked out. Any adjustments clearly will include appreciation of the West German mark and Japanese yen relative to the US dollar. Japanese officials have already indicated their willingness to revalue the yen in the context of an international realignment. Solutions for other trade and monetary issues are likely to require extensive negotiations, since there are major differences among not only the European Community, Japan, and the United States, but also among the EC members themselves.

FOR THE PRESIDENT ONLY

SOUTH VIETNAM



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554114 2-73 CIA

FOR THE PRESIDENT ONLY

VIETNAM

Recent intercepts show that some of the more than 300 North Vietnamese tanks and armored vehicles we had noted moving through Laos in October and November are now crossing into South Vietnam and Cambodia. One message places a tank group in an area that has been used by the Communists for funneling supplies to the coastal provinces of central South Vietnam. Another intercept shows a tank group headed for the COSVN region.

In North Vietnam itself, fresh armored units are moving south in the logistic pipeline. Some of them could reach the border in the next week or so.

* * *

North Vietnamese gunners have increased shelling of South Vietnamese Paratroopers trying to eliminate a Communist salient southwest of Quang Tri City. We have intercepted North Vietnamese orders to infantry units to disrupt an anticipated government counterattack in this area.

Similar orders have been issued to North Vietnamese units in the Que Son Valley. There the Communists have been attacking government positions to forestall South Vietnamese efforts to move back onto high ground overlooking the enemy-held district capital, Hiep Duc.

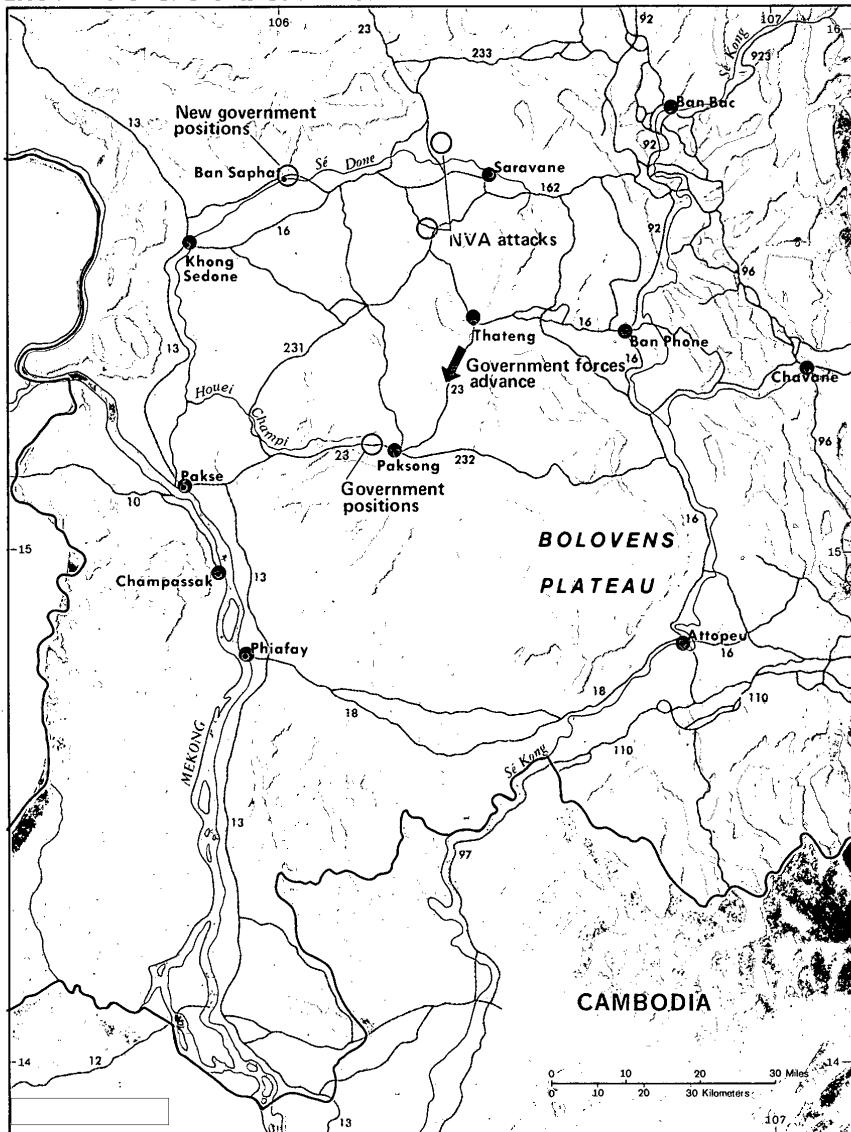
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In southern Quang Ngai Province, government forces have made little progress toward the recapture of Sa Huynh and are stalled about five miles away. President Thieu has ordered a Ranger group to the province to fill a gap left by departing South Korean units. The Communists appear to be defending the coastal area around Sa Huynh with at least three main force regiments.

In the central highlands, the enemy has kept Route 14 closed both north and south of Pleiku. However, in the southern half of South Vietnam, all major roads and waterways are reported open.

LAOS: Bolovens Plateau Area



554113 2-73 CIA

- Government-held location
- Communist-held location

25X1

FOR THE PRESIDENT ONLY

LAOS

Sharp fighting continues in the south. On Saturday North Vietnamese shelling and ground attacks dispersed at least five of the eight dispirited irregular battalions west of Saravane. Most of these units are now attempting to regroup in new positions about 15 miles east of Khong Sedone in order to block a possible North Vietnamese effort to add to Communist holdings in the Se Done Valley before a cease-fire.

To the south, the Communists are concentrating on mopping up the remaining government positions around Paksong. Government commanders are taking advantage of the lull to reassemble some of their battered forces along Route 23, about five miles west of the town. Meanwhile, a 1,400-man irregular force is pushing slowly toward Paksong from Thateng.

The movement of these irregulars may forestall efforts by the North Vietnamese to eliminate the government's foothold on the western Bolovens.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

MBFR

On Saturday, the Soviet delegation to the preparatory talks on Mutual and Balanced Force Reductions stated as a "final" position that either Hungary should be excluded from direct participation in the negotiations or that Italy and Hungary should participate together. Chief Soviet delegate Khlestov noted that the Hungarian problem could have been avoided if the West had accepted Moscow's earlier proposal that all delegations have equal status when the talks begin.

NATO powers originally considered Hungary a full participant and thought they had Budapest's consent for this status. Subsequently, however, Soviet delegates announced that Hungary wished to be an observer. Italy does not wish to be a full participant.

One effect of the Soviet position could be to slow the talks. The Soviets are aware that the Benelux states tend to link their participation with that of Hungary, and that most NATO powers support Italy's wish. Moscow appears to be angling toward a quid pro quo that would include ultimate discussion of its forces in Hungary in return for discussion of US forces in Italy, and perhaps Spain. Whether intended or not, the question of Hungarian participation has driven Romania from center stage and puts the matter of Bucharest's full participation further in doubt.

A Romanian diplomat has reported that Foreign Minister Macovescu is saying that Romania has been duped by the US and that the superpowers have secretly agreed to prevent Romania's full participation in MBFR. The diplomat said these views appeared to be shared by officials at higher levels in Bucharest. The source added, however, that if all else fails, Romania is prepared to accept observer status.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

URUGUAY

President Bordaberry, having lost his battle to keep the military out of politics, now seems ready to resign. Bordaberry accepted the military's demand that they be allowed to name the new ministers of defense and interior. He apparently is having difficulty stomaching the rebellious generals' demands for policy changes. The most important of these are for land reform, an end to official corruption, and measures to stabilize the deteriorating economy.

If Bordaberry accedes to the policy demands of the dissident army and air force officers, he would be president in name only. His only bargaining chip seems to be that the military are anxious to preserve constitutional forms and for this purpose they might rather have him retain his nominal post.

Should Bordaberry resign, the vice-president or a civilian member of congress would be in the constitutional line of succession. Whoever takes office, however, would almost certainly be a creature of the generals, prepared to be responsive to their demands for change.

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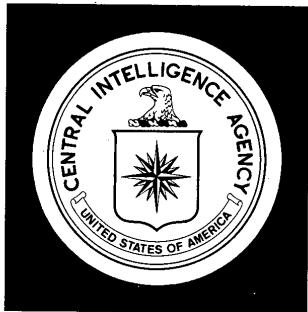
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NOTE

USSR-Egypt: The talks in Moscow between President Sadat's security adviser Hafiz Ismail and Soviet leaders from 6-10 February apparently focused on achieving common understandings prior to any re-examination of the Middle East issue. Although the Soviets have offered no new initiatives, they assume that new efforts will be made toward a settlement in the next few months and apparently want to reassert their position as guardian of Arab interests in advance of such efforts. Both sides appeared to consider the talks as a significant step in working out a new relationship following the Egyptian expulsion of Soviet military advisers last year.

FOR THE PRESIDENT ONLY

Top Secret



The President's Daily Brief

13 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

13 February 1973

PRINCIPAL DEVELOPMENTS



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(Page 3)

25X1

France may conduct its last atmospheric nuclear tests this year and then shift its testing program underground, primarily in the hope of neutralizing protests in the Pacific area. (Page 4)

In Laos, government troops met little resistance yesterday as they reoccupied most of Paksong on the Bolovens Plateau. (Page 5)

President Bordaberry apparently has decided to remain in office subject to military direction to avoid the total collapse of constitutional government in Uruguay. (Page 5)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

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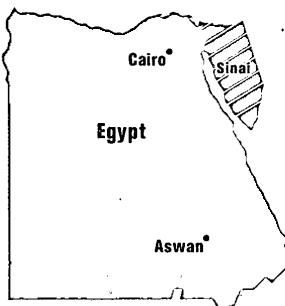


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Communist forces in southern Quang Ngai Province are firmly resisting South Vietnamese efforts to dislodge them from the Sa Huynh area. The government is sending reinforcements to assist in the campaign. Elsewhere in the country, both sides continue harassing actions in widely scattered areas. The Communists are still staging numerous small-scale attacks, mostly in Quang Tri Province. Government "security operations" are continuing to clear Route 14, which remains blocked between Pleiku and Kontum cities. Aside from Sa Huynh, South Vietnamese forces are not involved in any large-scale offensive operations.

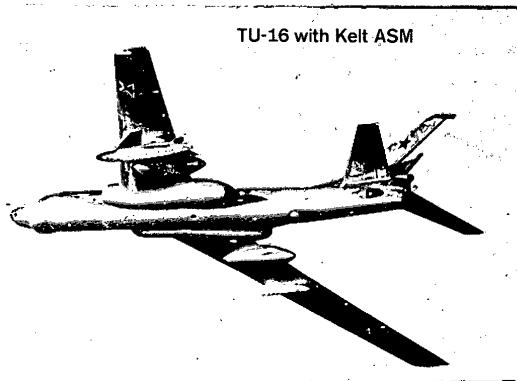
FOR THE PRESIDENT ONLY

Egyptian TU-16s Approaching Combat Capability

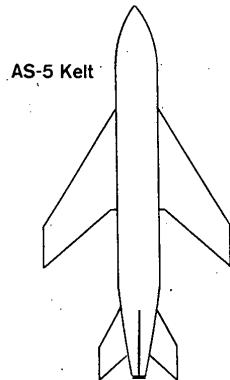


AS-5 Kelt	
Length	30 ft.
Maximum range	120 nm
Maximum speed	Mach 0.9-1.2
Warhead-HE or nuclear	1100-2200 lbs
Propulsion	Liquid fuel rocket
Accuracy	
against land targets	1-2nm CEP
against ships	75% hit probability

Carrying Aircraft TU-16 Badger G	
Combat radius unrefueled	1200 nm
One refueling	1900 nm
Missiles carried	2
Maximum launch speed	440 kts



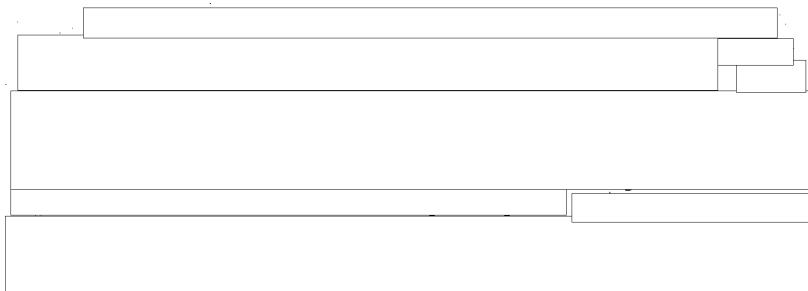
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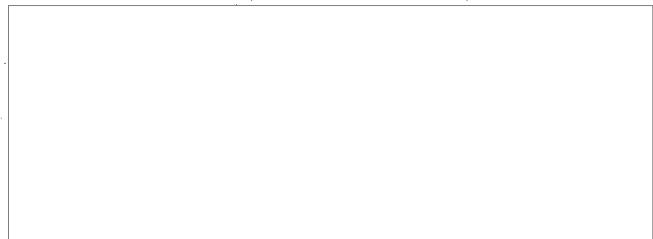
FOR THE PRESIDENT ONLY

EGYPT

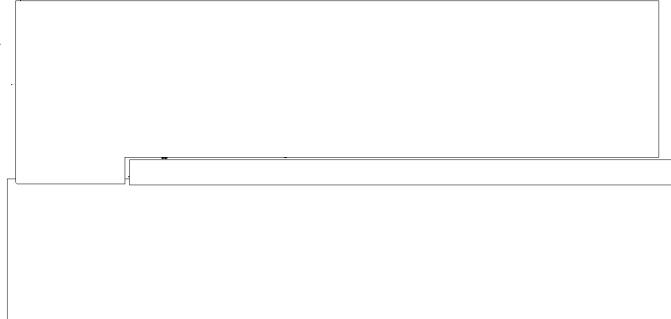


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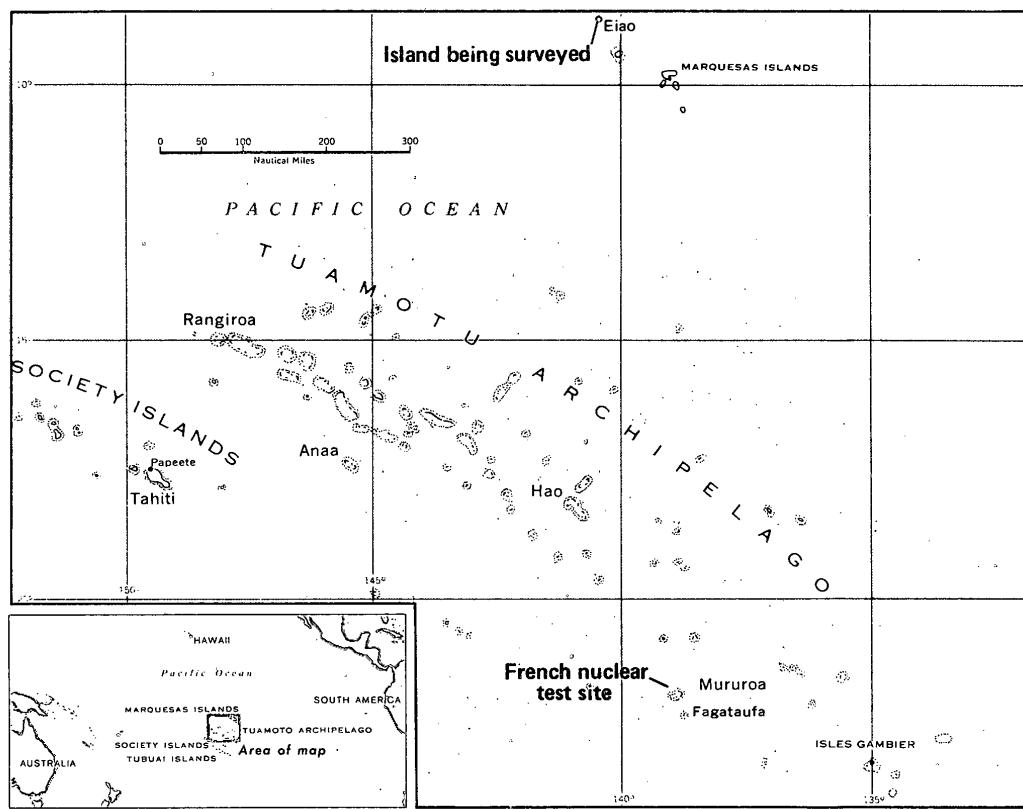
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FOR THE PRESIDENT ONLY

FRANCE

France may conduct its last atmospheric nuclear tests this year and then shift its testing program underground, primarily in the hope of neutralizing protests in the Pacific area. According to Reuters, well-informed French sources say that Paris will conclude its atmospheric testing with a megaton detonation this year at the South Pacific test site.

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The French may need to conduct at least one more atmospheric test of their thermonuclear device before they can begin the planned deployment of one-megaton warheads on their submarine-launched ballistic missiles. Although a high-yield detonation would cause considerable protest, Paris may hope to temper such criticism by subsequently announcing plans to move the future testing program underground.

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NOTES

Laos: Government troops met little resistance yesterday as they reoccupied most of Paksong on the central Bolovens Plateau. Heavy air strikes apparently forced troops from the North Vietnamese 9th Regiment to pull back, and elements of a 1,400-man irregular force moved from the north to occupy hilly positions around Paksong while other units entered the southern portion of the town. The Communists probably will try to stage a counterattack once their units are reorganized.

Uruguay: President Bordaberry apparently has decided to remain in office subject to military direction to avoid the total collapse of constitutional government. When his civilian political support evaporated, he was forced to give in to the generals' demands for economic reforms and a crackdown on corruption in government. As a face-saving gesture, the rebelling officers have not insisted on immediate public acceptance of all of their demands. They apparently will allow Bordaberry to agree to generalized points, being satisfied that he will follow their dictates.

International Monetary Developments: Exchange markets are reopening in the wake of an agreement on new exchange rates. Although the Japanese market remained closed today, it will reopen tomorrow with the yen floating. When the European markets open, the West German mark will be repegged at its old rate relative to gold, which means a 10 percent revaluation relative to the dollar. The British pound, the Canadian dollar, and the Swiss franc are all expected to continue floating.

(continued)

FOR THE PRESIDENT ONLY

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Cuba - Yemen

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Venezuela-Cuba: President Caldera and the presidential candidate of the opposition Democratic Action Party are now both on public record favoring restoration of diplomatic ties with Cuba. The opposition leader's stand is a major reversal and is significant because his party's close relationship with the Venezuelan military suggests that armed forces leaders no longer strongly oppose restoration of ties with Havana. The move could come well before presidential elections in December.

Egypt-Africa: Cairo is strengthening its ties with a number of African countries following recent Israeli diplomatic reverses in Uganda, Mali, and several other states. Egyptian Foreign Minister Zayyat announced yesterday that Cairo intends to upgrade its representation in Dahomey, Tanzania, and Sierra Leone and will seek to increase its representation in all African states.

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The President's Daily Brief

14 February 1973
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THE PRESIDENT'S DAILY BRIEF

14 February 1973

PRINCIPAL DEVELOPMENTS



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North Vietnamese logistics units in the Laotian panhandle evidently plan to continue their activity after a cease-fire in Laos. (Page 2)



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Italy



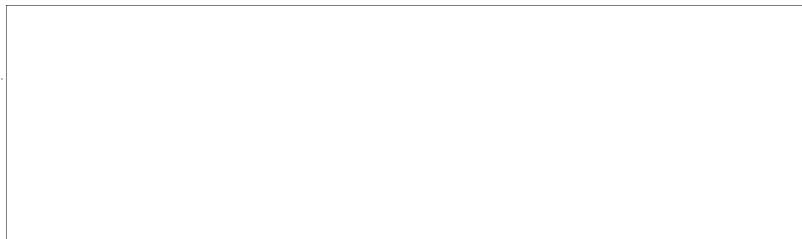
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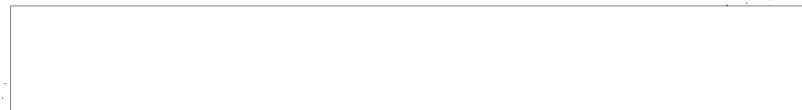
VIETNAM



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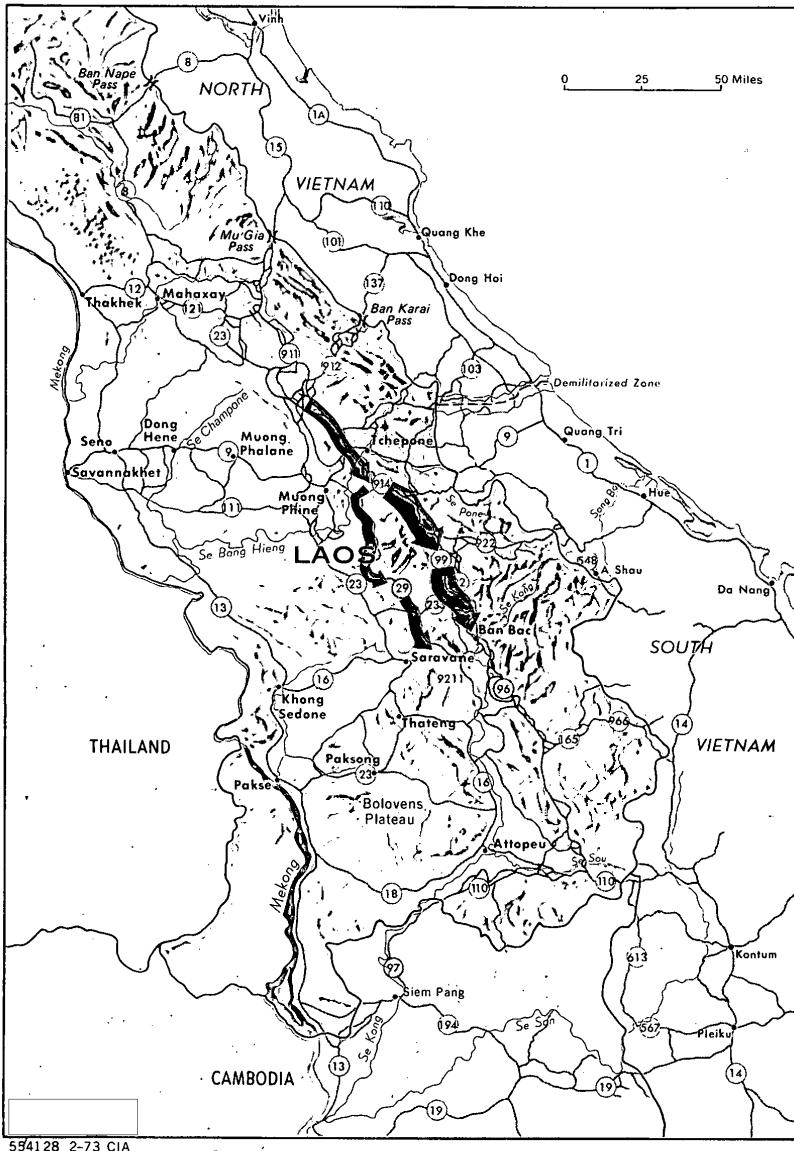


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INDOCHINA

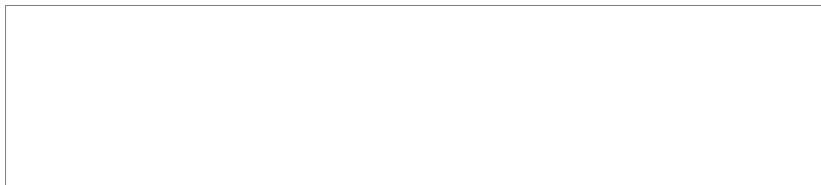
A recent intercept indicates that North Vietnamese logistics units in southern Laos plan to continue their activity after a Laos cease-fire. On 10 February, a major logistics authority directed two subordinates to complete by the 28th all repairs and improvements to eastern road corridor routes through the Tchepone - Ban Bac area. The units were also notified that after a cease-fire, these routes would become primary roads.

This concentration of activity and the designation of the routes as "primary" suggest that the North Vietnamese plan to use the eastern road corridor to a greater extent than they have since the completion of Route 29 to the west. This road may now be used less.

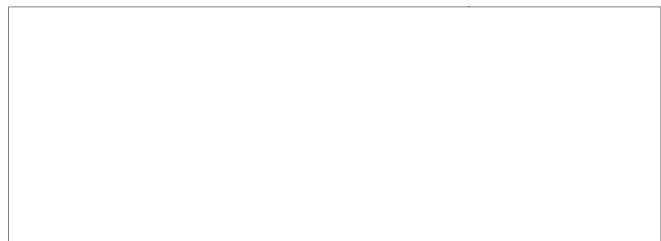
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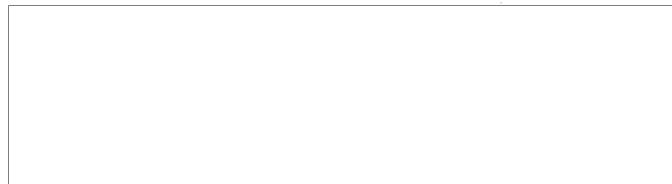
USSR-EGYPT



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NOTES

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Italy - North Vietnam:

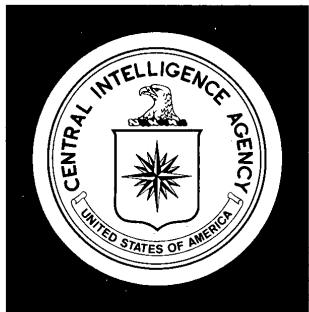
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USSR-Cuba: The Soviet ships in Cuban waters appear about to start an exercise in the Gulf of Mexico. In the past two days the cruiser, tanker, destroyer, and probably the F-class submarine have left port and headed in that direction. The Soviet contingent, which has been in the Caribbean since early December, may make a final port call in Havana before steaming home.

Dominican Republic: The small guerrilla band that landed ten days ago remains at large, but the Balaguer government is relaxing its special security measures. Many detained members of the opposition Dominican Revolutionary Party have been released, and the government says it is no longer trying to arrest the party's leader, Juan Bosch. He remains in hiding, however, and a defiant statement from him suggests that chances are dim for a return to the attitude of mutual tolerance that formerly prevailed between his party and President Balaguer.

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The President's Daily Brief

15 February 1973

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THE PRESIDENT'S DAILY BRIEF

15 February 1973

PRINCIPAL DEVELOPMENTS

Tokyo allowed the yen to float sharply upward, but the dollar weakened against European currencies in early trading today. (Page 1)

The North Vietnamese appear to be flying into the South near Khe Sanh, apparently to pick up released Communist prisoners, while in the North they continue to expand their oil pipeline system. Meanwhile, the South Vietnamese are considering strategy for talks with the Viet Cong. (Page 2)

Cambodia

25X1

(Page 3)

West Germany

25X1

(Page 4)

As the first round of the French National Assembly elections approaches, long-standing strains within the governing coalition are worsening. (Page 5)

Campaign issues in Ireland's general election, scheduled for 28 February, are beginning to take shape. (Page 6)

At Annex, we examine the various possible outcomes of the French elections and their implications for the conduct of French foreign policy.

FOR THE PRESIDENT ONLY

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INTERNATIONAL MONETARY DEVELOPMENTS

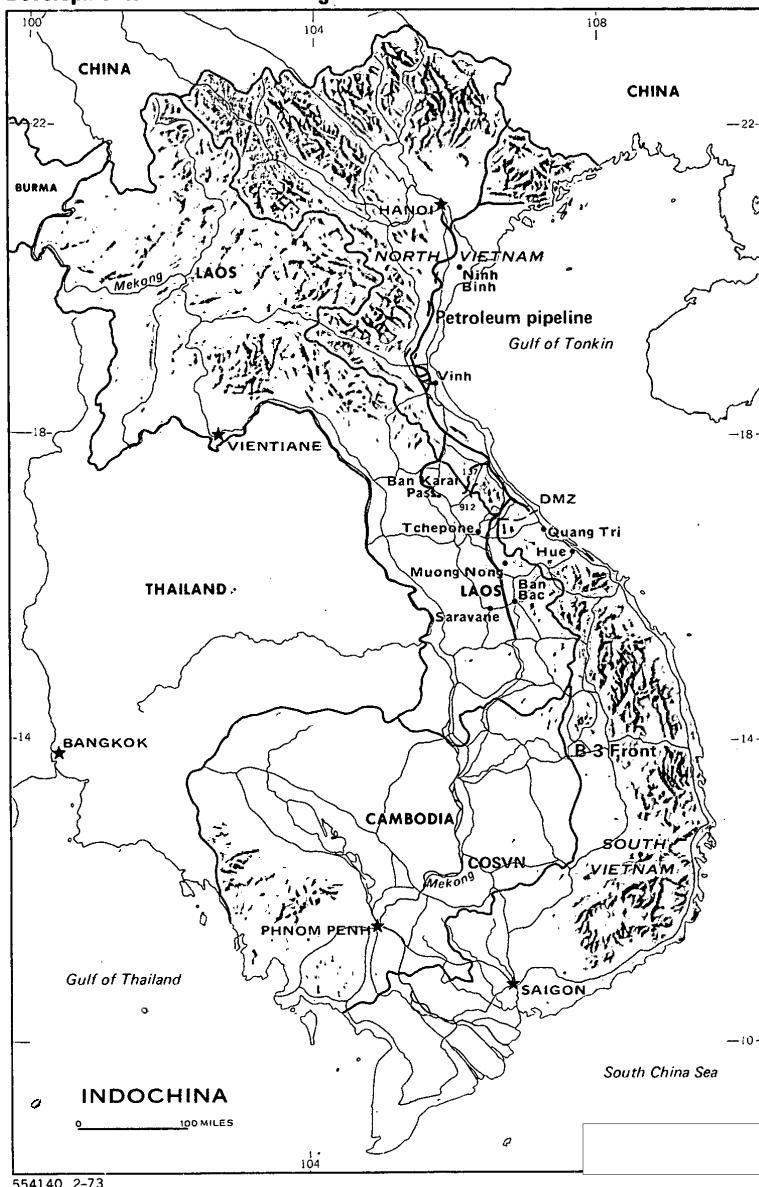
The effective revaluation of the yen in early trading today was about 13.5 percent relative to the pre-devaluation market rate for the dollar. The Central Bank of Japan reportedly was permitting the yen to move with relative freedom in order to dampen foreign criticism, although the bank purchased some \$75 million to guide the float. Yesterday, the bank reportedly purchased some \$233 million, an unusually large intervention. Currency traders apparently believe the yen eventually will be re-valued by at least 15 percent, and possibly as much as 20 percent relative to the dollar.

Trading was unsettled at the opening of European markets today, with the dollar under attack. The mark and Swiss franc showed strong early gains, as traders apparently were still unsure of the durability of this week's currency settlement. Yesterday's sharp retreat on Wall Street may also have been a factor. Trading yesterday on European markets was extremely cautious. At the markets' opening, the dollar was near to its ceiling against most fixed currencies, but it declined somewhat during the day.

Meanwhile, the price of gold spurted to a postwar European high of \$72.30 yesterday in London. The interest in gold buying was worldwide, and included purchasers from the Middle East who generally make speculative purchases only in anticipation of higher prices.

FOR THE PRESIDENT ONLY

Developments in Communist Logistics



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FOR THE PRESIDENT ONLY

VIETNAM

North Vietnamese transport planes appear to be flying into northern South Vietnam to an airfield near Khe Sanh, perhaps to pick up released Communist prisoners. A North Vietnamese message from the Khe Sanh area stated "there will be a post to exchange prisoners of war at the airfield." A North Vietnamese unit is surveying the area for a suitable radar site, suggesting that the North Vietnamese intend to continue flights there long after the prisoners are exchanged.

* * *

[redacted] the petroleum pipeline system in North Vietnam is being expanded. About 80 miles of new construction has been noted between Ninh Binh and Vinh, and a new pipeline is being built into China from the border. In addition, the North Vietnamese have also extended the existing pipeline in southern Laos 50 miles south from Muong Nong.

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The new pipelines in North Vietnam may be steps toward a system that ultimately will allow Hanoi to import and ship more than one type of fuel. The extension in Laos will make trucks now being used to haul gasoline down to the Ho Chi Minh trail available for other duties.

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South Vietnamese Prime Minister Khiem has appointed a cabinet-level task force to study strategy for the bilateral political talks with the Viet Cong. [redacted]

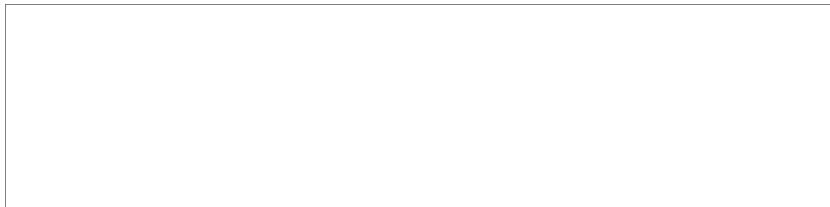
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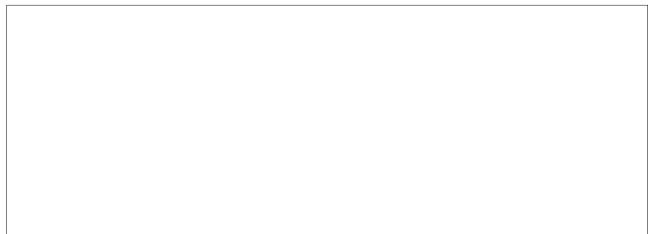
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CAMBODIA



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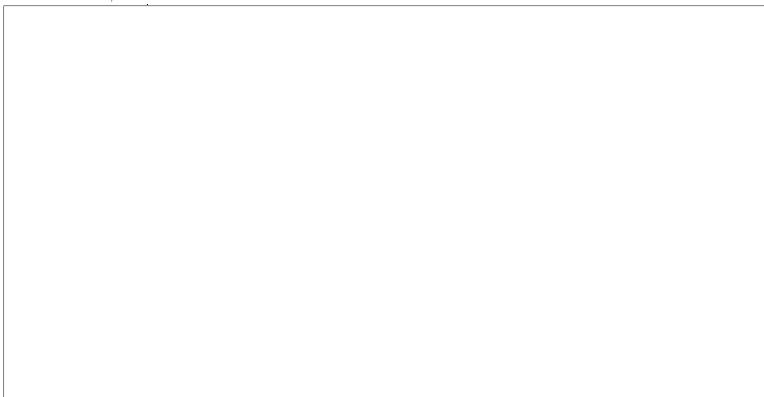


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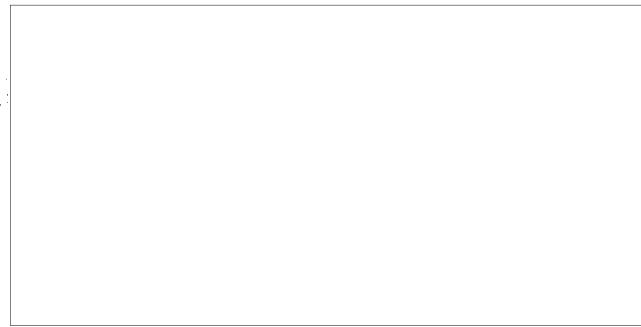
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WEST GERMANY



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FRANCE

The first round of the National Assembly elections are now less than three weeks away and the long-standing strains within the governing coalition are being exacerbated by the prospect of significant electoral losses. For example, Giscard d'Estaing, leader of the Independent Republican Party, is strongly critical of President Pompidou for mismanaging the campaign, primarily by neglect.

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At Annex, we examine the various possible outcomes of the election and their implications for the conduct of French foreign policy.

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IRELAND

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Campaign issues for the general election on 28 February are just beginning to take shape.

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The government is most vulnerable to charges that its policies have resulted in excessive unemployment and inflation, but the opposition has not yet exploited this weakness.

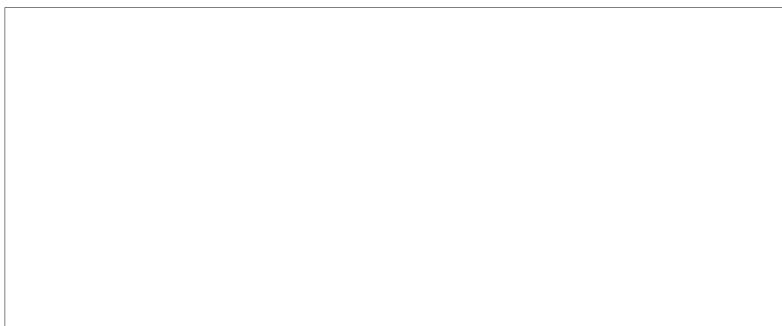
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Under Ireland's complex system of proportional representation, small vote shifts in a few critical districts could have major consequences, and the final outcome of the election may hinge on local contests between strong opposition candidates and colorless Fianna Fail incumbents. Prime Minister Lynch will have to campaign hard if his own strong popularity is to rub off on his weaker Fianna Fail colleagues.

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NOTES



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Uruguay: The appointment of a former military judge to head the Ministry of Interior, which controls the nation's internal security forces, has strengthened the military's ability to deal with corruption and the economic problems that led to its confrontation with President Bordaberry. With this gain in power, the military has allowed one of Bordaberry's closest advisers to become minister of defense. He may have been chosen to help forestall any civilian-military conflict in the new National Security Council. Another blow up between the generals and the civilian politicians could well lead to the ouster of Bordaberry.

FOR THE PRESIDENT ONLY

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THE IMPLICATIONS OF THE FRENCH ELECTIONS

Whatever the outcome of the French elections on 4 and 11 March, it is certain over time to have some effect on the future French role in Europe and in the Atlantic Alliance. The Gaullist Party, the largest component of the governing coalition and the largest single party in the Assembly, seems due for some losses, though perhaps not as serious as recent polls would suggest.

We think, after the dust has settled, President Pompidou will be faced with one of four basic political situations. These, and their implications for French foreign policy, are described below.

1. The present coalition parties could emerge with a reduced but working majority in the Assembly.

--Because the Independent Republicans may well gain seats at the same time the Gaullists suffer losses, Independent Republican leader Valéry Giscard d'Estaing would have a greater voice in government.

--A more even division of power between the Gaullists and the Independent Republicans would not, of course, bring major changes. It would however, dilute the present strong Gaullist coloration of the government.

--Giscard and his party hold slightly more favorable attitudes toward the European Communities and the Atlantic Alliance than the Gaullists, as well as less strident positions on the Middle East, Vietnam, and other aspects of foreign policy.

--If the Gaullists suffer heavy losses, the president could even offer Giscard the prime ministry. This would give Giscard a better shot at the presidency in 1976.

2. Secondly, the governing coalition could lose enough seats to force it to take in some elements now in the opposition center.

--The president would be likely to seek a new prime minister and bring the center parties into his cabinet.

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--The immediate impact on government policies would not be profound but, over time, the influence of moderate political leaders could have a favorable effect on Franco-US relations.

--A government so composed would be more cooperative within the Atlantic Alliance, take a less intransigent stand on many aspects of the European Communities' relations with the US, and perhaps eventually take a more positive line on the Middle East and other foreign policy issues.

3. In the third situation, less likely than the preceding two, the government's losses could be so extensive that it would have to rally the right wing of the Socialist Party as well as most of the centrists to form a majority.

--Edgar Faure, now minister of state for social affairs and leader of the left wing of the Gaullist movement, might under these circumstances be asked to form a new government.

--Such a government would probably increase the stress on France's independence of the US and its "special relationship" with the USSR.

4. Finally, the Communist-Socialist alliance could win a clear majority in the Assembly--the least likely of the four possibilities.

--Pompidou would have a wide range of constitutional options to keep the left at bay, and there is little prospect that the old predominance of parliament could be revived.

--The Assembly could refuse to pass desired legislation, but this assumes unity of views among disparate leftist elements. In any event, the government can often get along without the Assembly's concurrence.

--The president's most likely move would be to name a minority government and challenge the left to overthrow it by censure. Present rules make censure a difficult procedure.

--Nonetheless, prolonged hostility between president and parliament would test the institutions of the Fifth Republic, and the fallout would surely weaken the government's conduct of foreign relations.

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The President's Daily Brief

16 February 1973

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THE PRESIDENT'S DAILY BRIEF

16 February 1973

PRINCIPAL DEVELOPMENTS

We report on the international monetary situation
on *Page 1*.

The Soviets are beginning to share some of their
views concerning the International Conference on
Vietnam. (*Page 2*)

The Communists may control more of the countryside
than the South Vietnamese Government is admitting.
(*Page 3*)

A political agreement between the government and
Pathet Lao is shaping up in Vientiane. (*Page 4*)

A new policy of "national reconciliation" is being
spoken of by Cambodian First Minister Hak. (*Page 5*)

Japan

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The European Communities are girding for friction
and strain with the US on economic matters, but not
on fundamental political interests. (*Page 8*)

FOR THE PRESIDENT ONLY

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INTERNATIONAL MONETARY DEVELOPMENTS

The yen remained effectively revalued by about 16 percent today after floating sharply upward yesterday. Only small interventions were required by the central bank.

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The dollar continues firm in Europe as of the market opening today. Yesterday, despite an early decline, the dollar closed with slight gains against the mark, the commercial lira, the pound, and the French commercial franc. The floating Swiss franc, however, continued to appreciate against the dollar. The price of gold in London continued to rise yesterday and reached a record \$73.65 an ounce.

The EC finance ministers met in a restricted council session Wednesday to discuss the international monetary situation. In a press release, the ministers expressed support for the dollar devaluation and the yen float. They also reaffirmed the Council's determination to step up work toward EC economic and monetary union.

FOR THE PRESIDENT ONLY

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USSR - VIETNAM CONFERENCE

On Wednesday, a Soviet diplomat in London called on US Embassy officials to probe US and UK views on the International Conference on Vietnam. The Soviet diplomat wanted to discuss how the conference should be organized, its functions and purpose, and how to provide for continuing international supervision of the peace. He said that the Soviets shared the UK's frustration and unhappiness with their experience as co-chairmen of peace supervising organizations and did not think that it would be any better to have a single participant or combination of conference participants act as a point of appeal for the ICCS. He wondered what the US thought of the idea of giving the conference chairmanship and subsequent supervisory role to the UN Secretary-General acting in his personal capacity.

The Soviet diplomat's positive remarks on a significant role for Waldheim at the conference and after it are a change from views expressed earlier by another Soviet official. The Embassy in London points out, however, that the Soviet bills himself as an expert on Southeast Asia and notes that when Soviet Embassy officials take the trouble to call at the US Embassy, they are usually well-informed.

FOR THE PRESIDENT ONLY

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SOUTH VIETNAM

During the past week,

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Communist holdings in the countryside are more extensive in certain areas than is admitted in official South Vietnamese appraisals. In the delta, for example,

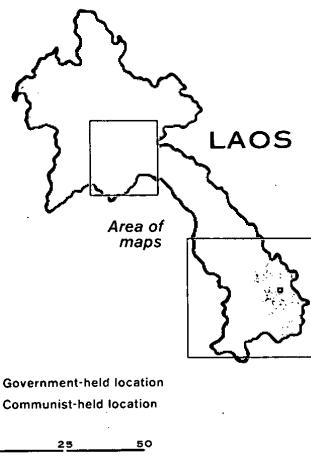
the Communists now hold 46 hamlets, but the province chief officially claims that no hamlets are under Communist control. In another delta province, Chuong Thien, the government's local security evaluation shows that only 13 hamlets are held by the Viet Cong. American officials in the province report that the Communists control 53 of Chuong Thien's hamlets.

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Reports from Military Region 2 also show discrepancies. National police figures for Phu Yen Province list only 24 hamlets as contested or under enemy control. US officials in the province, however, report that the Communists now hold 27 and have enough presence in 27 more to threaten government control.

General Lu Mong Lan, Inspector General of South Vietnam's Joint General Staff, told an American official recently that he is aware province chiefs have not fully reported the extent of Communist presence in local areas. Moreover, he claimed that some hamlet chiefs, contrary to official instructions, have allowed unarmed Communist cadre to enter certain localities, ostensibly to live peacefully in the hamlets and befriend the local residents.

FOR THE PRESIDENT ONLY



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LAOS

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Souvanna's willingness to accept such an arrangement is making rightist elements in Vientiane, who object to an equal sharing of power with the Communists, very unhappy.

Their opposition is no doubt fed by the fear that Souvanna, who would in effect occupy a tie-breaking position in such a new government, might become less dependent on rightist support and less responsive to their interests.

Despite Souvanna's agreement with the Communists on the shape of a future government, yesterday's private negotiating session proved that other issues, such as the date of troop withdrawals and references to US bombing, remain in dispute.

* * *

In the past few days, neither side has been able to gain much additional territory before a cease-fire. Irregular units, with the aid of air support, are gradually taking control over hills around Paksong on the Bolovens Plateau. In the central panhandle, other government units have held their ground just west of Muong Phalane while intensive US air strikes are hitting enemy units near the town.

There has been little change in the situation in the north. The Communists are putting up a dogged defense at Muong Soui, northwest of the Plaine des Jarres, and have kept Vang Pao's troops off the Plaine itself.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CAMBODIA

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Hak did not specify when elections would be held, but Information Minister Keth Reth told the press on 15 February that the government would not attempt to open negotiations with the insurgents until after the International Conference on Vietnam convenes in Paris on 26 February. Although the insurgents have steadfastly opposed any political compromise with the Lon Nol government, the anti-Sihanouk faction within the insurgent movement may be tantalized by the possibility of a political solution that could include them but exclude Sihanouk.

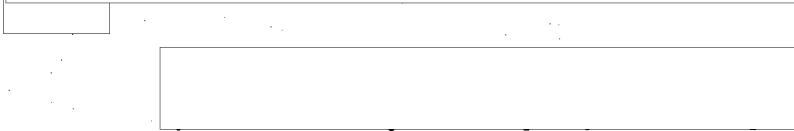
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FOR THE PRESIDENT ONLY

JAPAN



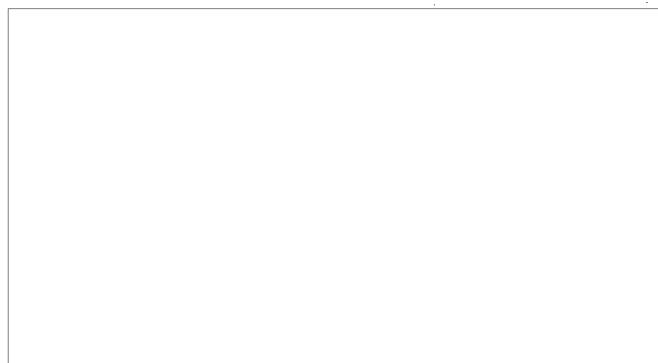
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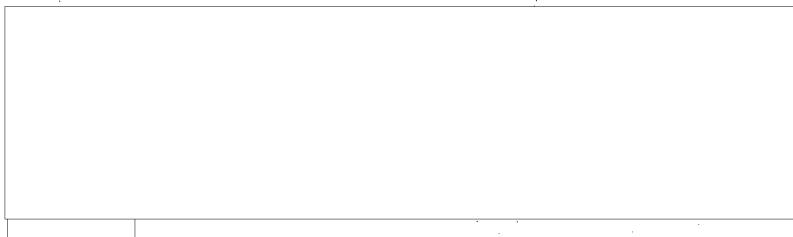


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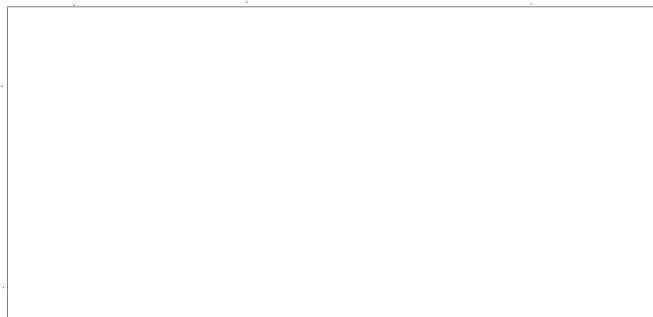
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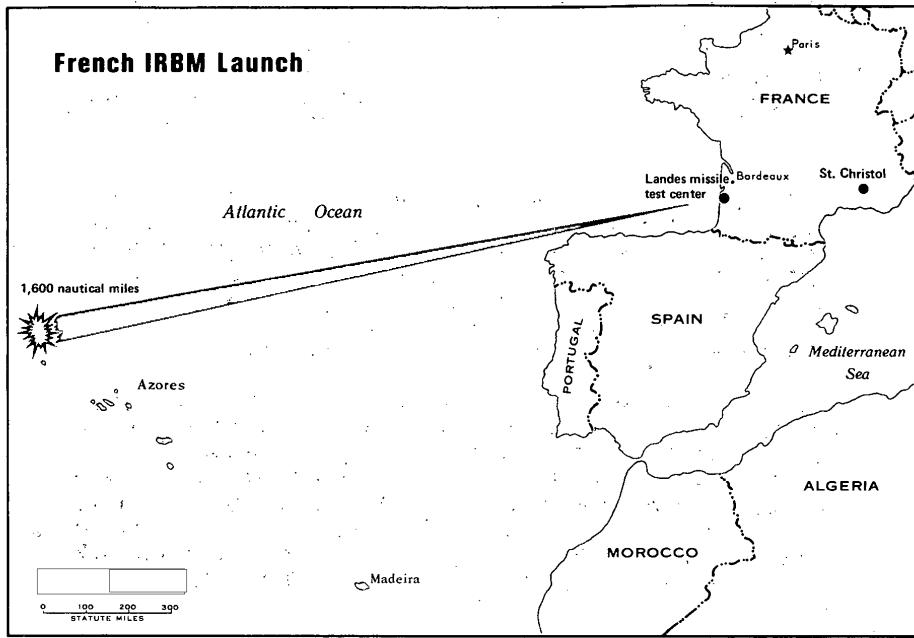
EUROPEAN COMMUNITIES - US

A report presented to the European Parliament earlier this week by EC Commission President Ortoli minces no words in cataloguing EC complaints about policies growing out of protectionist pressures in the US. He cited limitations on Community steel exports, US government procurement and tax practices, and anti-dumping duties. The report noted the "growing insistence and vigor" of US "reproaches, interventions, and protests" of Community policies such as the common agricultural policy and EC arrangements in the Mediterranean.

The Commission foresees, moreover, that "points of friction and strain" are likely to increase as the Community grows, in part because the US will dissociate its political support for European union from an "unbending defense" of its economic interests. The report also warns the Community itself against "absurd" recriminations with the US on specific points that have no relation to the essential and fundamental common interests.

The report's frank comments are evidence of the new assertiveness of the Brussels executive and of the stronger leadership role it hopes to assume in the enlarged Community. It also shows the Commission's intention to be the watchdog of what it views as the neglected political fundamentals of the Atlantic relations.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

NOTES

Southeast Asia: The foreign ministers of the Association of Southeast Asian Nations--Indonesia, Malaysia, Singapore, Thailand, and the Philippines--have decided not to rush into a regional conference on postwar developments in Southeast Asia. A joint communiqué issued at the end of yesterday's ministerial meeting in Kuala Lumpur for the first time publicly expressed the desire to expand ASEAN into a regional forum that would include Burma and the states of Indochina, but acknowledged that efforts in this direction would have to be postponed until "an appropriate time in the future." The communiqué appears to reflect a consensus within ASEAN that any broad regional meeting could not be productive until the political and military situation in Indochina is clarified.

Finland-USSR: The Soviets have convinced the Finns to postpone signing a free-trade agreement with the European Communities, perhaps until the end of the year.

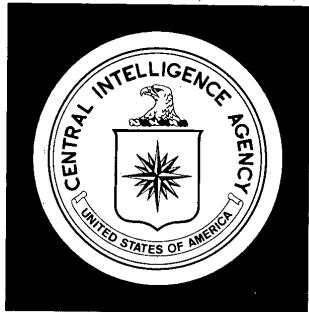
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MALTA: Prime Minister Mintoff has told the British that he is now willing to accept the first-quarter payment of 3.5 million pounds, but that he wants negotiations looking to a permanent settlement to continue.

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The President's Daily Brief

17 February 1973

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THE PRESIDENT'S DAILY BRIEF

17 February 1973

PRINCIPAL DEVELOPMENTS

A recent editorial in North Vietnam's official newspaper has accused both the US and South Vietnam of deliberately violating provisions of the Paris agreement of 27 January. (Page 1)

In South Vietnam, both sides have brought reinforcements into the strongly contested Sa Huynh area of southern Quang Ngai Province. (Page 2)

25X25X1

Right-wing Lao cabinet ministers continue their vehement opposition to Prime Minister Souvanna Phouma's decision to divide portfolios in the new coalition government equally with the Communists. (Page 4)

Satisfaction over the dollar devaluation on the part of European Community leaders is mingled with considerable uncertainty and even disarray over what their next steps should be. (Page 5)

The dollar strengthened in Europe yesterday and was slightly weaker in Tokyo as an air of calm began to return to world money markets. (Page 6)

Dominican Republic troops claim to have killed three of the eight guerrillas that invaded the country on 3 February. (Page 7)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NORTH VIETNAM

An editorial on 15 February in North Vietnam's official newspaper has criticized both the US and South Vietnam for deliberately violating the provisions of the Paris agreement of 27 January. Although the most vituperative sections are directed at the South Vietnamese, the editorial accuses the US of being unwilling to pressure Saigon into honoring the provisions of the accord. Hanoi also charges the US with needless delay in clearing the mines from North Vietnamese waters, turning military bases over to the South Vietnamese rather than dismantling them, and not providing detailed plans on its troop withdrawal program, as Hanoi claims is required by the Paris agreement.

The North Vietnamese claim that Saigon committed 2,000 violations during the first 15 days of the cease-fire and accuse the South Vietnamese of conducting "nibbling operations" into Communist-held territory in nearly all provinces of the country. Hanoi also chides Saigon for not releasing "approximately 10,000 military prisoners" as the agreement calls for.

The editorial is the most extensive propaganda criticism of the US by Hanoi since the signing of the agreement. The comments on prisoner releases appear to be in response to President Thieu's announcement that a large number of former Communist prisoners had asked to become ralliers.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

Both sides have brought reinforcements into the Sa Huynh area of southern Quang Ngai Province. The Communists, who still control the area, now have more than two regiments there. This is the only significant coastal territory in the central part of the country held by the Communists.

Communist military units in some parts of the country have been ordered to make an inventory of their holdings of weapons. According to intercepted messages, Viet Cong units in Binh Dinh Province have been instructed to locate and collect "all types" of damaged weapons, "whether Communist or government in origin," so that they can be exchanged for new weapons under terms of the cease-fire agreement.

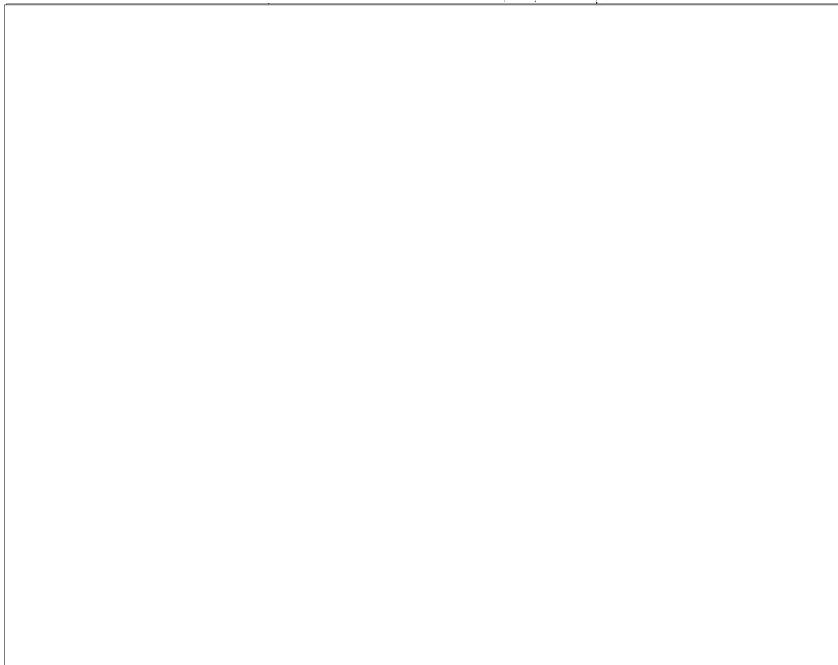
Such a comprehensive inventory is likely to take some time. This may be one of the reasons the Communists did not designate within 15 days entry points for the replacement of war materiel as specified in the protocol on the Joint Military Commission.

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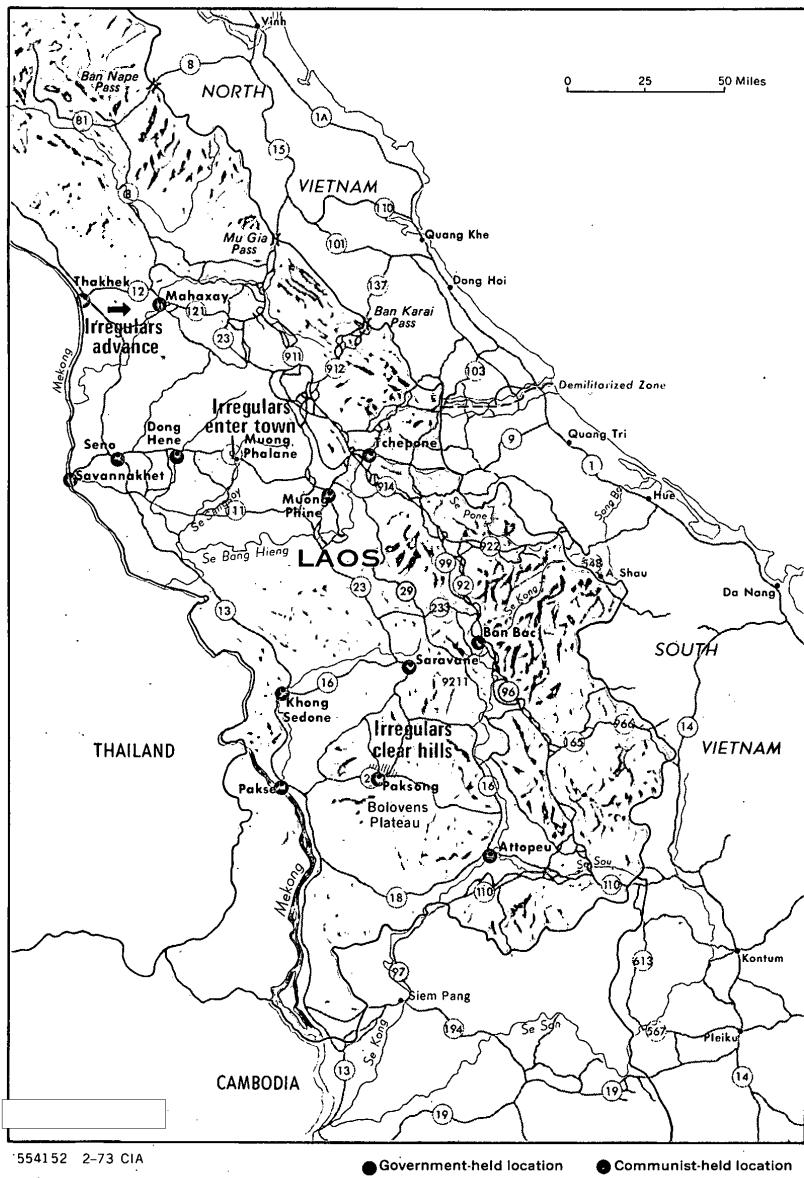
FOR THE PRESIDENT ONLY

USSR - VIETNAM CONFERENCE

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FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

LAOS

Right-wing cabinet ministers continue their vehement opposition to Prime Minister Souvanna Phouma's decision to divide portfolios in a new coalition government equally with the Communists. They have now been joined by General Kouprasith, deputy commander of the Lao Army, who says he will cooperate with other army generals in opposing Souvanna's concessions to the Communists.

Kouprasith, who led an abortive coup against Souvanna in 1964, gave no indication of what pressure he believes could be exerted on Souvanna. Faced with firm US support of the Prime Minister, the rightists may have little choice but to acknowledge the futility of further opposition to the proposed settlement.

* * *

The fighting has tapered off. Irregular troops on the Bolovens Plateau have secured the hills surrounding Paksong and are clearing small pockets of enemy troops from the outskirts of the town. Intercepted messages indicate that B-52 strikes have caused morale problems among North Vietnamese units near Paksong, but there are no signs that any units are pulling out of the area.

In the central panhandle, lead elements of an eight-battalion irregular force on 16 February moved back into the western half of Muong Phalane against little enemy resistance. Communist elements are still east of the Se Sangsor River that divides the town. To the north, government units from Thakhek have reached a half-way point in their advance toward the Communist administrative center of Mahaxay.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EUROPEAN COMMUNITIES

Satisfaction over the dollar devaluation is mingled with considerable uncertainty and even disarray on the part of European Community leaders over what their next steps should be. Much concern has been voiced that the EC institutions were bypassed and that fundamental differences among the members prevented a Community solution. There is a widespread feeling that the Communities must close ranks, not only in the monetary area, but also in the approaching trade negotiations. The finance ministers, for example, agreed this week to try to move more quickly toward EC monetary union, and the EC Council has urged the Communities to work out a common position on international monetary reform "without delay."

Meanwhile, Prime Minister Heath has called Community solidarity in the monetary reform discussions a "top priority," saying that progress in the trade talks requires the re-establishment of stability in the international payments system. In the European Parliament, Commission Vice-President Haferkamp has warned that the devaluation was "only part of the US long-term strategy" and that "other aspects of that strategy may be a challenge that the Communities should be ready to meet."

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

The dollar strengthened in Europe yesterday and was slightly weaker in Tokyo as an air of calm began to return to world money markets. By the close of trading in Tokyo, the yen had appreciated almost 17 percent relative to the dollar. Only small purchases by the central bank were reported. Japanese foreign exchange banks and trading companies reduced their surplus holdings of dollars last week and when the market reopened on Wednesday. Pressure on the yen will probably subside soon. The yen was essentially unchanged as trading opened today.

In Europe, rising Eurodollar interest rates and speculation that West German banks may impose a special charge on non-resident mark deposits added to the dollar's strength. Although the dollar's strong position within the new bands places a premium on dollar purchases, foreign exchange dealers reported that speculators were beginning to divest some of their large holdings in other hard currencies, especially marks--estimated to be worth about \$8 billion--accumulated since the crisis began. The dollar posted moderate gains against most European currencies, but it slipped slightly against the commercial lira. The price of gold in London declined 35 cents to \$73.30 from Thursday's record price.

FOR THE PRESIDENT ONLY

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NOTES

North Korea: Pyongyang apparently has received a new shipment of MIG-21 fighters from the USSR. This increases its MIG-21 inventory to about 130.

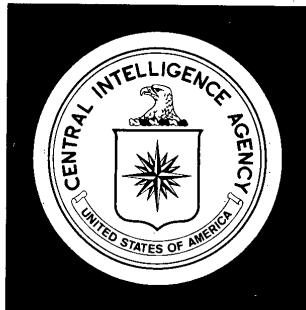
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Dominican Republic: According to an armed forces communiqué, government troops late yesterday killed three of the eight guerrillas that invaded the country on 3 February. Colonel Francisco Caamano, legendary leader of the 1965 insurrection, was said to be among those killed. Confirmation of Caamano's death would help the government counteract the loss of prestige it suffered as a result of its failure for two weeks to eliminate the guerrillas.

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The President's Daily Brief

19 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

19 February 1973

PRINCIPAL DEVELOPMENTS

Egyptian President Sadat's adviser for national security affairs will begin official talks in London today on a Middle East settlement and will come to Washington on Friday. (Page 1)

The South Vietnamese have recaptured the town of Sa Huynh in southern Quang Ngai Province but have not yet cleared the major north-south road in the western highlands. (Page 2)

Argentine

25X1

(Page 3)

The Soviet naval task force that has been operating in the vicinity of Cuba since early December is now on a northerly course off the southeastern US and appears to be returning to the Northern Fleet area of the USSR. (Page 3)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT

President Sadat's adviser for national security affairs, Hafiz Ismail, will begin official talks in London today on a Middle East settlement and will come to Washington on Friday.

Ismail's trip puts Egypt's self-proclaimed "diplomatic offensive" into high gear. He has just returned from Moscow, where he apparently had some success in establishing a basis for a more stable bilateral relationship.

For now, the Egyptians appear to be concentrating on the five permanent members of the UN Security Council. On Saturday, Foreign Minister Zayyat met with the Soviet ambassador, who is said to have invited him to Moscow. Both Zayyat and Ismail met this weekend with China's ambassador, and appear to be angling for an invitation to Peking. Ismail also met with the French ambassador on Saturday and there are press reports that he will go to Paris in March.

Sadat appears to be looking for a way to get around the stalemate that characterizes UN efforts in the Middle East. He considers that the US is his primary hope for a more forthcoming Israeli position. This latest "diplomatic offensive" is designed to put pressure on the US and Israel to move toward some kind of solution. The timing of Ismail's trip--right after King Husayn's visit to Washington and just before Prime Minister Golda Meir's trip to the US--suggests that Sadat wants his views to be considered before any new US commitments are made to Israel.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

The South Vietnamese recaptured the town of Sa Huynh in southern Quang Ngai Province on 17 February, but sharp fighting in the area continues. At last report, the Communists were still holding part of an artillery base near the town and some high ground to the west.

In the western highlands, the South Vietnamese have not yet cleared the major north-south road. Only six of a 44-truck convoy were able to get through a strategic pass on 17 February.

In the delta province of Kien Phong, five Communist officers identified as members of the policy office of COSVN were captured recently by the South Vietnamese.

The presence of "policy officers," combined with the high level of Viet Cong activity in the province, suggest that the Communists may be trying to establish a new base area along the Vietnam-Cambodia border.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

Argentina: [redacted]

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[redacted] President
Lanusse, who now believes that Peronist Hector Campora will be elected, has recently played heavily on the military's fear that the Peronists will return to power. He could well use a rise in political violence to gain the support of his generals for a proscription of the Peronists or a postponement of the election.

25X1X1

Cuba-USSR: The Soviet naval task force that has been operating in the vicinity of Cuba since early December has left the Gulf of Mexico and is now on a northerly course off the southeastern US. It appears to be returning to the Northern Fleet area of the USSR. The group consists of a cruiser, a destroyer, a tanker, and an F-class submarine. The task force did not pay any farewell calls at Havana.

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The President's Daily Brief

20 February 1973

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THE PRESIDENT'S DAILY BRIEF

20 February 1973

PRINCIPAL DEVELOPMENTS

On *Page 1*, we report on international monetary developments.

The Chinese are trying to buy combat aircraft from the UK. (*Page 2*)

In South Vietnam, heavy fighting rages along the coast and in the western highlands. (*Page 3*)

The Laotian sides are still negotiating toward a cease-fire and a political agreement, while fighting continues throughout the country. (*Page 4*)

The Soviet Communist Party will begin its examination of each member's conduct on 1 March. (*Page 5*)

We expect Canada to make permanent the restrictions it has recently placed on export of crude oil to the US. (*Page 6*)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

In Tokyo today, the dollar closed slightly down. The yen appears to have stabilized, at least temporarily, at a revaluation of about 16 percent relative to the dollar. Pressures for a further appreciation may build soon, however, as large export contracts that were delayed earlier in the month begin to come due.

In early European trading, the dollar is substantially above its parity with all non-floating currencies except the Swedish kroner. The West German Bundesbank yesterday sold as much as 30 million dollars to prevent the mark from breaking through its floor.

This is an insignificant amount relative to the six billion dollars the bank bought during the crisis, but it was the first official German dollar sale since last summer and the first to maintain the mark floor since 1969. The weakening of the German currency probably reflects some unwinding of speculator positions in a thin market.

The Swiss cabinet decided to intervene in the market in support of the dollar, and has promised to end the float of its franc soon. The price of gold is still climbing.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

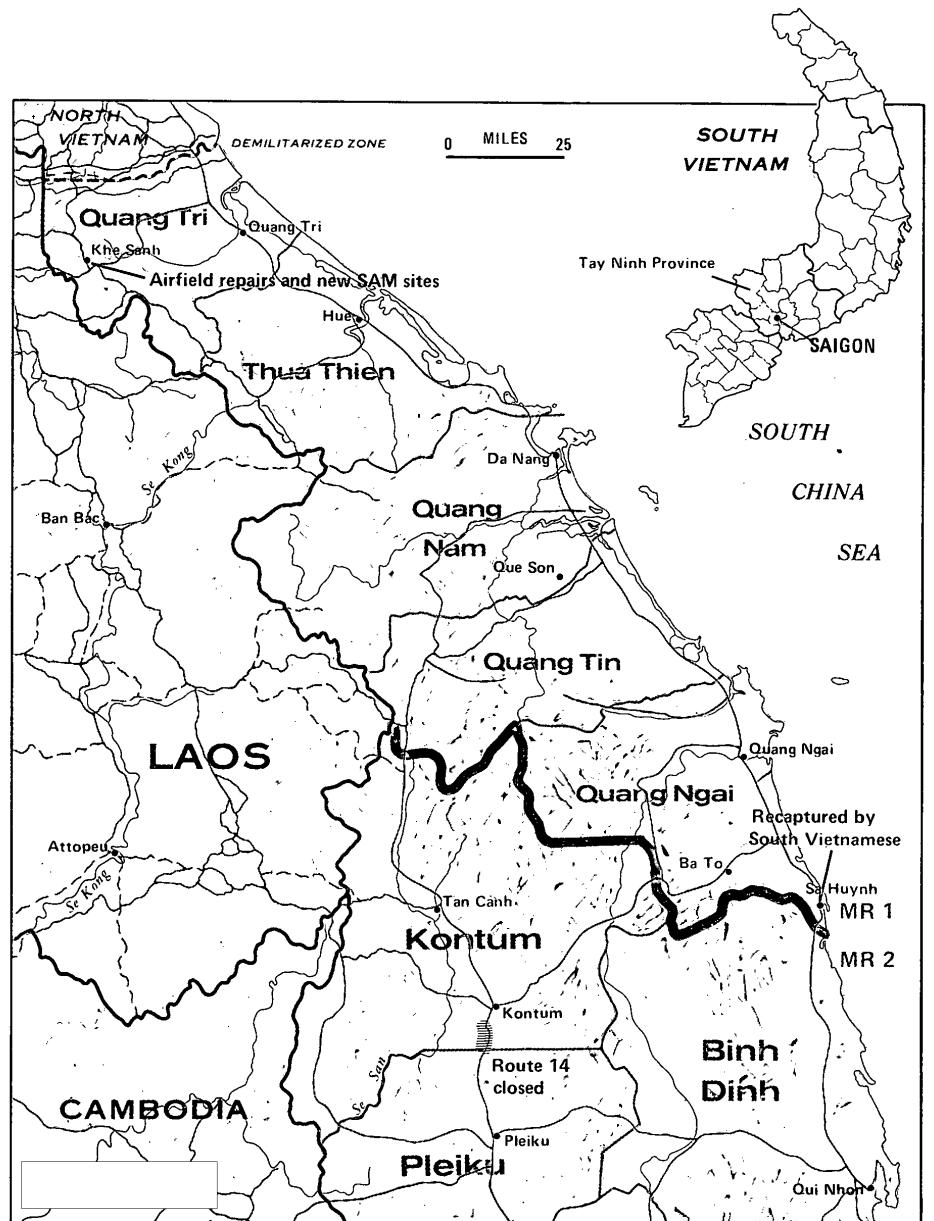
CHINA

The British Foreign Office has confirmed that the Chinese have approached the Hawker-Siddeley Aircraft Company about purchasing Harrier ground attack fighter aircraft. AP and UPI have reported that the Chinese are seeking 150 to 200 Harriers at a cost of \$2.4 million each. The Harrier was demonstrated for the Chinese minister of foreign trade in the UK last month.

This is the first known Chinese attempt to buy combat aircraft from the West. China's large aircraft industry produced about 900 planes in 1971, but has been in the doldrums for over a year. The Chinese may be dissatisfied with the old-model Soviet aircraft (MIG-17s and MIG-19s) they have been producing.

The Harrier is the only operational fixed-wing vertical-takeoff fighter in the free world. This jet-powered plane's unique capability to change the direction of its engine thrust enables it to outmaneuver other fighters at low altitudes. It is used in the British air force and by the US Marine Corps.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

SOUTH VIETNAM

Aerial photography shows two operational SA-2 surface-to-air missile sites near the Khe Sanh airfield in the Communist-occupied portion of Quang Tri Province. Presumably, the missiles are there to guard the Khe Sanh airfield, where repairs are nearly complete.

Five SA-2 sites were located in northern Quang Tri Province from April through June last year, but all units from these sites were withdrawn to North Vietnam because of the heavy allied air strikes late last summer. It is conceivable that these units left at least some of their equipment behind, stored in the rugged hills around Khe Sanh.

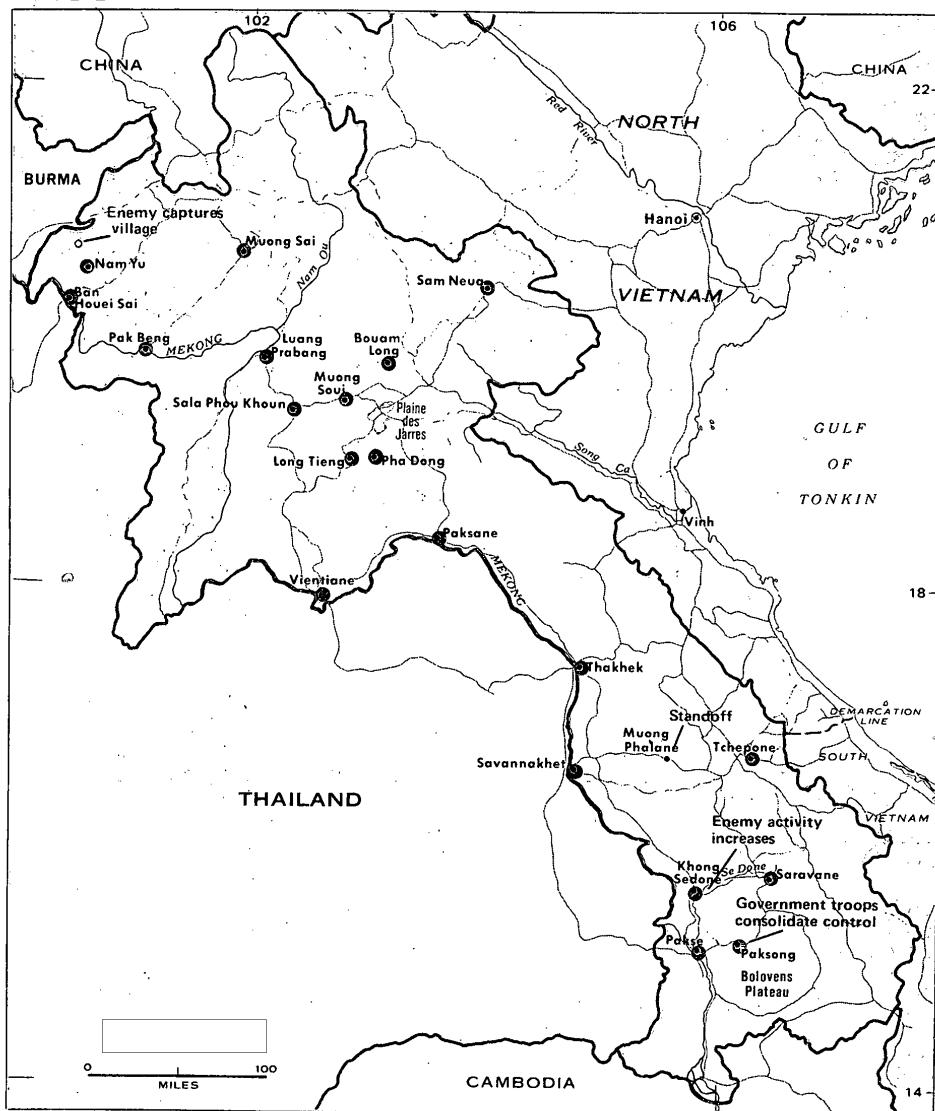
Farther south in Military Region 1, the heaviest fighting in Vietnam rages along the coastal strip near Sa Huynh. In the western highlands, the road between Kontum and Pleiku is still contested. In Tay Ninh Province, COSVN has told its forces that their offensive is over and that it is now time to turn to the "political struggle."

* * *

The commander of the provinces around Saigon, General Nguyen Van Minh, told an American official yesterday that he does not consider the Joint Military Commission (JMC) appeal to stop the fighting applicable to his command. Minh made the point that his troops have been fighting a "defensive war" and would continue to do so until the Communists honored the cease-fire agreement. Minh said he has limited his air and artillery strikes and taken a "let it be" attitude toward main enemy formations that remain quiescent. He added, however, he would not hesitate to stop the movement of Communist forces toward populated areas, regardless of the presence of JMC or other control and supervisory teams. Not surprisingly, initial Communist reaction to the JMC appeal has been to hold the US and Saigon entirely responsible for violating the agreement.

FOR THE PRESIDENT ONLY

LAOS



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FOR THE PRESIDENT ONLY

LAOS

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Lao Communist leader Souphanouvong proposed a provisional cease-fire to be effective upon notification of Souvanna's acceptance of certain conditions. These conditions are: conclusion within 30 days of a formal political settlement (including a timetable for the withdrawal of "foreign" troops), an immediate end to bombing by "Lao and foreign aircraft," and an immediate in-place cease-fire by all "Lao and foreign" ground forces.

On the same day, Souvanna indicated in a press interview his unwillingness to accept such an intermediate arrangement or anything less than a formal agreement providing for the withdrawal of North Vietnamese and other foreign troops.

Souvanna's greatest difficulty with the new Communist proposal presumably is its requirement for a political settlement within 30 days of a provisional cease-fire. The prime minister is reluctant to make such a commitment until agreement can be reached on the basic political questions still at issue.

* * *

A military standoff has developed at Muong Phalane in the central panhandle. Air strikes have pinned down most North Vietnamese infantry units east of Muong Phalane, but Communist gunners and infantry have kept elements of an irregular force from entering the town.

Irregular troops on the central Bolovens Plateau are still in control of Paksong despite increased enemy pressure. A pocket of enemy troops is holding out in the southern outskirts of the town, and to the north, the irregulars have been driven off the high ground overlooking Paksong. Bad weather has prevented air support. Just north of the plateau, the enemy is increasingly harassing Khong Sedone and its forward defenders farther east in the Sedone Valley.

In the remote northwest, an enemy attack on 17 February forced irregulars to abandon the northernmost outpost in the 30-mile-long defensive line running north from Ban Houei Sai, the only important population center in the area. An irregular battalion was airlifted to Ban Houei Sai on 19 February in an effort to bolster government morale, already lagging after the loss of the irregular base at Nam Yu early this month.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

Nine months after deciding to proceed with an exchange of party cards, on Sunday executives of the central committee announced they were ready to begin the process on 1 March.

A member who makes a satisfactory account-ing of his conduct will be granted new party credentials. It is nearly 20 years since the last such exchange of party cards, and it will take two years to examine the credentials of each of the party's 14,500,000 members.

25X1

During the months since last May, there have been intimations in the Soviet press that there has been controversy about the extent of the examination of each member. Some provincial leaders had suggested in print, for example, that the exchange should occasion a broad review of each member's activities, his deviations from policy, and his ideological commitments, rather than simply the weeding out of the corrupt, the scandalous, and the lackadaisical. Pravda, on the other hand, had published editorials suggesting that the exchange go no further than necessary to tighten party discipline. Such remarks seemed to reflect an underlying fear that personal vendettas might creep into the process.

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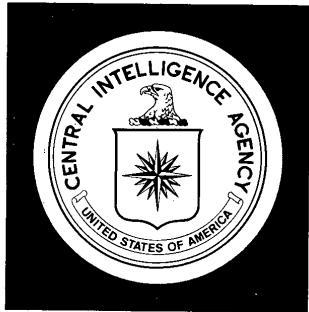
FOR THE PRESIDENT ONLY

NOTE

Canada: Ottawa's decision to impose crude oil export controls effective 1 March probably will not significantly affect US oil supplies. Canadian officials expect that exports in March will be "only marginally less" than the US has requested. Although Canada provided about 35 percent of US crude oil imports in 1972, this was less than 7 percent of total US demand. The allocation of crude oil exports on a monthly permit basis is clearly an interim step, and we expect that permanent measures will be forthcoming when the National Energy Board holds hearings in March or April. A recent study by the board expressed concern that by 1980 Canadian oil production would not be adequate to meet the domestic demand and provide exports to the United States.

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The President's Daily Brief

21 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

21 February 1973

PRINCIPAL DEVELOPMENTS

The Laos cease-fire agreement signed late yesterday is to go into effect at midnight tonight. Meanwhile, both sides continue military efforts to increase their holdings. (Page 1)

North Vietnamese intercepts indicate that 15 infiltration groups totaling some 800 personnel are to move south between 19 and 25 February. (Page 3)

[redacted] 25X1

[redacted] 25X1

Developments in the international monetary situation are discussed on Page 5.

The Soviet UN delegation has shown some disquiet about the Security Council meeting in Panama next month. (Page 6)

The EC Commission has moved to neutralize the effect of the dollar devaluation on US agricultural exports. (Page 7)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LAOS

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The cease-fire agreement signed late yesterday is to go into effect at midnight tonight Washington time. The text of the agreement is not yet available.

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[redacted] The agreement will be supervised by the International Control Commission using the 1962 Geneva Accords as the terms of reference.

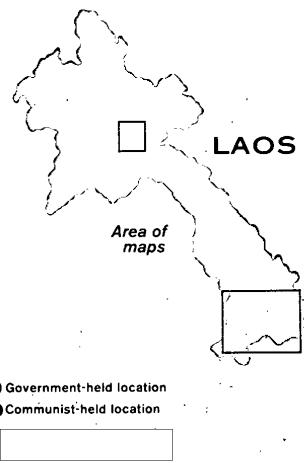
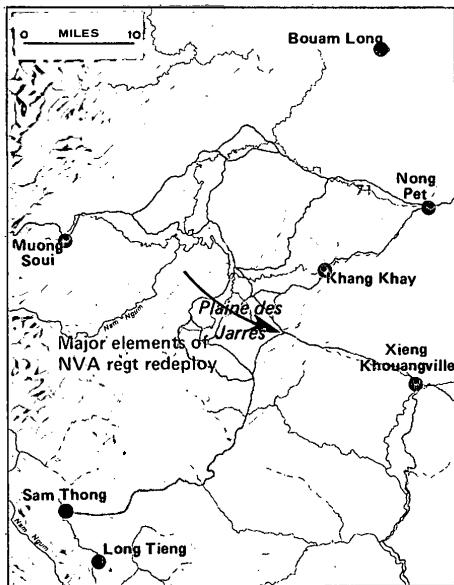
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The comprehensive nature of the agreement came as a surprise to Souvanna's own cabinet. Lao Communist leader Souphanouvong on Sunday proposed a relatively simple interim cease-fire arrangement that would have allowed Souvanna more time to overcome rightist objections to the terms of a political settlement reached during private sessions. The rightists were particularly opposed to an even split of cabinet posts with the Communists. In initialing a comprehensive settlement, Souvanna presented a fait accompli to the rightists.

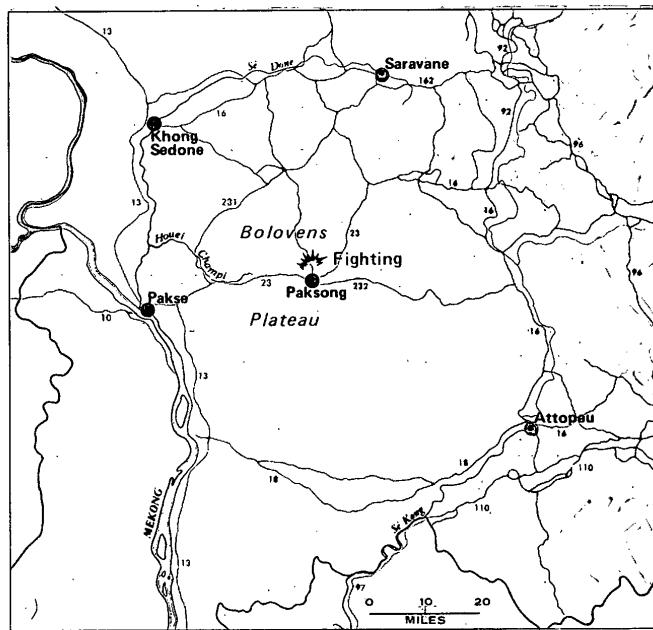
A special session of the Lao cabinet yesterday, at which Souvanna disclosed the terms of the agreement, ended bitterly with the rightists accusing the prime minister of capitulating to the Communists. Following this meeting, the rightists agreed to lodge one more protest with Souvanna before the formal signing ceremony, but apparently arrived at no other course of action. They seem to realize that they have little choice but to accept the agreement while the Prime Minister has firm US support.

Meanwhile, both sides continue military efforts to increase their holdings. Government irregulars and North Vietnamese troops are battling for the

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

hills around Paksong on the Bolovens Plateau, but the government remains in firm control of the town. In the central panhandle, the Communists have fended off an attempt by a government force to move into Muong Phalane and it appears that future cease-fire lines are well established in this sector. East of the Plaine des Jarres, major elements of a North Vietnamese regiment are moving toward Xieng Khouang-ville, presumably to counter irregular troops that recently moved onto a ridge overlooking Route 4 near the town.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

Intercepted North Vietnamese messages indicate that 15 infiltration groups totaling some 800 personnel are to move south through the Vinh area of North Vietnam between 19 and 25 February. Thirteen groups--about 600 men--are headed for South Vietnam, mostly to the central and southern portions of the country. The other two groups are going to southern Laos and northeastern Cambodia.

These are the first personnel noted entering the infiltration pipeline since 16 January. All of them are civilian and military specialists--none is infantry--and they are probably part of an effort by Hanoi to strengthen the Communist organizational apparatus.

Other intercepts disclose that some of the infiltration groups that headed south before 16 January are now leaving Laos and moving into the central highlands and toward the southern provinces of South Vietnam.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

There was a sudden substantial surge of dollar selling by the Bundesbank just before closing yesterday. Reportedly about \$400 million was needed to keep the mark above its floor. Dollar sales by the Bundesbank reflect in part a divesting of speculative mark holdings from the roughly \$6 billion taken before the dollar's devaluation. Elsewhere, the dollar closed mixed in light trading on foreign currency markets, while money managers continued to assess their positions.

Apparently no intervention by the Swiss National Bank occurred following its announcement Monday that it would resume dollar purchases if necessary to keep the Swiss franc from rising significantly above its present level. Gold reached another postwar European high with a price in London of \$76.50 in the face of heavy demand, reflecting continued uncertainty.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR-PANAMA-UN

The Soviet UN delegation has shown some disquiet about the Security Council meeting in Panama next month. In a conversation with a US official on 15 February, a member of the Soviet delegation noted that some countries might use the occasion to attack Cuba for its support of subversion in Latin America and that a sticky debate could develop in regard to the creation of a Latin American Nuclear-Free Zone. The Soviet official attempted to reassure the US official that "the Cubans are not the same as they used to be" and hinted that Cuba may be somewhat restrained at the meeting.

Although the Soviets will not wish to appear weak in support for the Latin Americans, they seem wary of appearing to challenge US interests in the hemisphere. They clearly wish to avoid any unnecessary East-West polemics during the meetings.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

EC-US: The EC Commission has moved to neutralize the effect of the dollar devaluation by adjusting the conversion ratio between the dollar and the EC's unit of account to reflect the new currency alignment. This will cause an increase in the variable import levies applied to grains and other products covered by the Common Agricultural Policy and remove any incentive for larger imports of such items from the US. The levy does not apply to soybeans, the largest US agricultural export to the Community.

USSR-Czechoslovakia: TASS has announced that party chief Brezhnev left for Prague yesterday to attend the 25th anniversary celebration of the Communist take-over. We can identify no compelling reason for Brezhnev's visit. A Czechoslovak Central Committee Plenum that may consider a successor to aging President Svoboda is under way and Brezhnev may wish to put his stamp of approval on the choice of a new president. He may also use the visit to offer some general comments on European security matters.

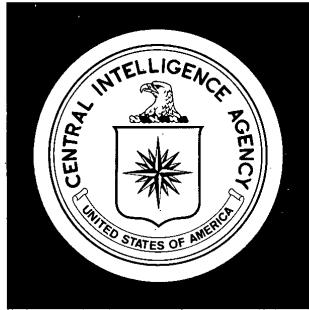
Uruguay: The military has prevailed on Congress to extend until 30 March the temporary extraordinary security measures that were to expire last Friday.

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Israel-Lebanon: Israeli forces struck near Tripoli in northern Lebanon last night, killing "scores of guerrillas," according to an Israeli military spokesman. The strike reportedly involved land, air, and sea forces, and was said to be aimed at guerrilla bases and installations at Nahr al-Barid and al-Badawi. There also are sizable Palestinian refugee camps in both areas. The spokesman gave no reason for the raid. Beirut has held a tight rein on guerrilla actions since Israel's incursion into southern Lebanon in mid-September of last year. Nahr al-Barid was struck by the Israelis in September 1972. At that time they described it as a fedayeen training base and possible marine base.

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The President's Daily Brief

22 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

22 February 1973

PRINCIPAL DEVELOPMENTS

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The Swiss National Bank intervened yesterday to support the dollar for the first time since the Swiss franc was floated last month. (Page 2)

Arab states have sharply protested the Israeli downing of a Libyan civil aircraft yesterday and the raid in northern Lebanon, but we see no direct military response in prospect. (Page 3)

On Page 4 we assess the way the Chilean elections of 4 March are shaping up. There seems to be little chance that either the Allende government or the opposition will win a conclusive mandate.

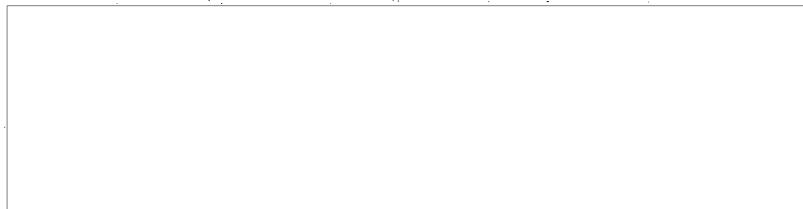
In Cambodia, the insurgents are maintaining pressure against several major highways. (Page 5)

The North Vietnamese in Laos have retaken Paksong on the Bolovens Plateau. (Page 5)

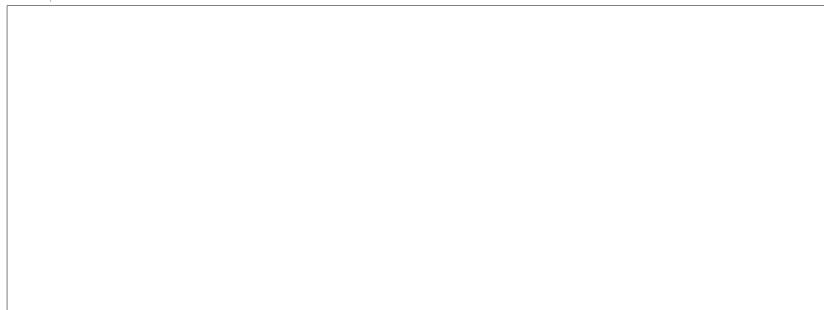
FOR THE PRESIDENT ONLY

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SOUTH VIETNAM



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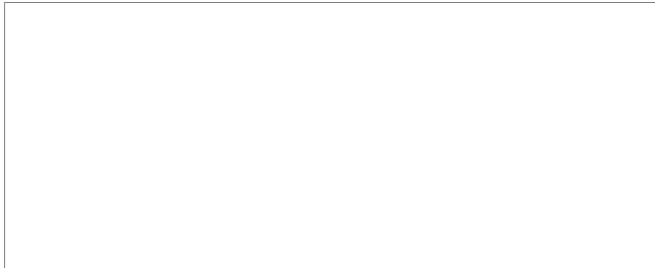
INTERNATIONAL MONETARY DEVELOPMENTS

The Swiss National Bank intervened yesterday to support the dollar for the first time since the Swiss franc was floated on 23 January. The intervention reportedly amounted to about \$250 million and occurred in the form of contracts to buy dollars in the future. The Swiss National Bank assumes that dollars leaving West Germany are entering the Swiss market.

Elsewhere, the dollar weakened slightly. The Bundesbank, however, continued to sell dollars in support of the mark, raising its three-day intervention total to almost \$1 billion. The price of gold jumped to \$79.30 in London, a new high.



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FOR THE PRESIDENT ONLY

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ISRAEL - ARAB STATES

Arab states have reacted with sharp protests to Israeli actions in Lebanon and the Sinai. Beirut lodged a strong complaint with the UN Security Council over the Israeli raid near Tripoli in northern Lebanon early Wednesday morning, but did not request a meeting.

The initial response to the Israeli downing of a Libyan civil aircraft over Sinai yesterday has been directed toward international opinion rather than military action. An Egyptian spokesman said that the "world public" should move to confront the Israeli threat to peace in the area. He also vaguely promised that the Arabs would punish Israel.

The Libyan reaction bears close watching. The Libyans are frustrated by their inability to strike Israel directly. Since they regard the US as the major force behind the Israeli "aggression," officials might well instigate demonstrators to attack US property.

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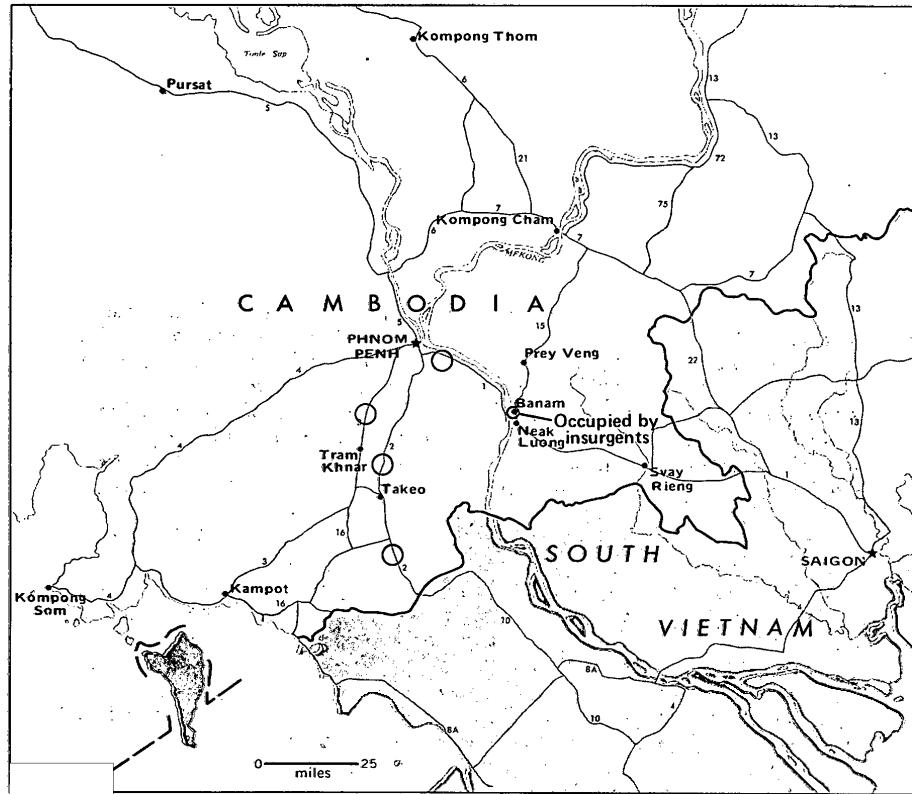
FOR THE PRESIDENT ONLY

CHILE

With only ten days remaining before the congressional elections on 4 March we see little prospect for a conclusive vote favoring either the government or the opposition.

Because of the way the electoral laws are drawn and because of the party affiliations of those senators not up for re-election, the opposition needs at least 60 percent of the vote to retain its majorities in both the Senate and the Chamber of Deputies. The opposition believes that the widespread economic discontent gives it a good chance to do this, and it is billing the election as a plebiscite on the Allende government itself. President Allende and his Popular Unity coalition, on the other hand, claim that any amount over the 36.3-percent plurality he received in 1970 would constitute approval of his socialization program.

Several new factors add uncertainty to this election. The electorate is at least 40 percent larger than in the last congressional election four years ago because the franchise has been extended to illiterates and the minimum voting age lowered from 21 to 18. In addition, the combination of most parties into two competing slates will alter the effects of the complex system of vote computation.



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FOR THE PRESIDENT ONLY

NOTES

Cambodia: The Khmer insurgents are keeping up the pressure against several major highways. South of Phnom Penh, harassing attacks have again closed Route 2 north and south of Takeo and Route 3 just above Tram Khnar. The insurgents have effectively resisted government attempts to reopen a section of Route 1 some 15 miles southeast of Phnom Penh and to regain control over much of Route 15 on the Mekong's east bank between Banam and the town of Prey Veng. Cambodian clearing operations have been hindered by inept leadership and command and control problems.

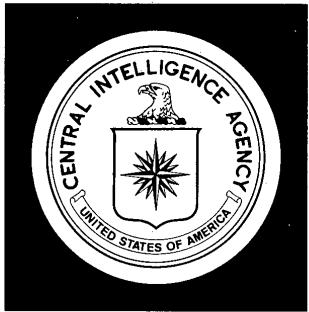
Laos: The North Vietnamese have retaken Paksong on the Bolovens Plateau. According to the initial report, the Communist attack began about 15 minutes after the agreed cease-fire hour today. Irregular forces are now trying to regroup at the town's outskirts.

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The President's Daily Brief

23 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

23 February 1973

PRINCIPAL DEVELOPMENTS

The price of gold rose further yesterday, and general uncertainty produced some dollar weakening in Europe.
(Page 1)

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It seems likely that the International Conference on Vietnam will ratify the accords in fairly short order and establish some mechanism to which supervisory teams can report. *(Page 2)*

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North Vietnam

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(Page 3)

Lao Government and Pathet Lao negotiators were scheduled to meet yesterday to consider cabinet composition and other aspects of the new government. Prime Minister Souvanna Phouma today accused the Communists of 29 serious cease-fire violations. *(Page 4)*

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Japan

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(Page 5)

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In the MBFR talks, there now appears to be only the slightest chance that the Soviets will agree to include Hungary in the reduction zone without also including Italy. *(Page 6)*

Two versions of Hafiz Ismail's visit to Moscow agree that its purpose was to signal no change in Egypt's basic position on a Middle East settlement. On coming to Washington, Ismail was to listen carefully to see whether a possibility exists "for beginning a process toward settlement." *(Page 7)*

The Organization of Petroleum Exporting Countries has agreed to Venezuela's request for a special meeting on 16 March to discuss the world energy crisis.
(Page 8)

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Peking

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(Page 9)

FOR THE PRESIDENT ONLY

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INTERNATIONAL MONETARY DEVELOPMENTS

The price of gold rose to over \$90 an ounce yesterday, an appreciation of over 31 percent from the pre-devaluation level. Profit-taking by speculators forced the price down to \$86.50 at the close of the day. Money managers, who are still uneasy about the future of the major currencies, have been buying gold as a hedging medium with the dollars obtained from divesting earlier speculative holdings.

The record price of gold apparently reflects strong speculator demand from Middle Eastern and Far Eastern interests and new rumors that Japan will ease restrictions on gold imports.

The general uncertainty also produced some dollar weakening in Europe yesterday. The mark rose from its floor to near its new dollar parity. There were no dollar sales by the Bundesbank for the first time in four days. In Switzerland, the Swiss franc closed at almost 18 percent above its old dollar parity, the greatest appreciation of any currency to date. No intervention was reported by the Swiss National Bank, which apparently is not inclined to take in any more unwanted dollars. Only in Tokyo did the dollar remain essentially unchanged.

FOR THE PRESIDENT ONLY

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VIETNAM

Most of the 13 participants in the International Conference on Vietnam that convenes in Paris on 26 February want a short, largely pro forma session, and the past few weeks have seen a spate of diplomatic activity designed to develop a basis of agreement before the formal sessions begin. Disputes could still disrupt the proceedings, but it currently appears that the conference will ratify the accords in fairly short order and establish some mechanism to which supervisory teams can report.

The participants could most easily run into difficulties over the supervisory mechanism. The Vietnamese Communists clearly want responsibility for the maintenance of the accords to rest essentially with the four former belligerents with outside interference kept to a minimum. They have been especially firm in opposing participation by international bodies--a stand that explains their reluctance to see Waldheim named chairman of the conference.

Although Moscow and Peking have echoed some of the Vietnamese Communist demands, their basic aims at the conference differ from those of their Vietnamese clients. Both want to defuse Vietnam as an important issue in big-power politics. Both seem to want a conference communiqué that expresses strong but general support for the accords, backed perhaps by private understandings to supplement arrangements for continuing supervision.

The Thieu government has been publicly reticent on the conference but has clearly implied that it wants more stringent guarantees against Communist encroachment than it seems likely to get. So far, however, the note of deep concern that surfaced in the official and semi-official press last fall has been absent from current output, suggesting that Thieu will be willing to live with conference results.

Participants other than the big powers and the Vietnamese parties seem likely to play a secondary role. Some of them--the French and Canadians--may perform useful service as go-betweens.

FOR THE PRESIDENT ONLY

VIETNAM



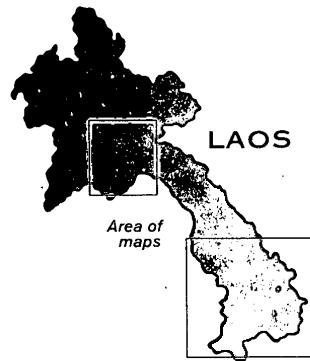
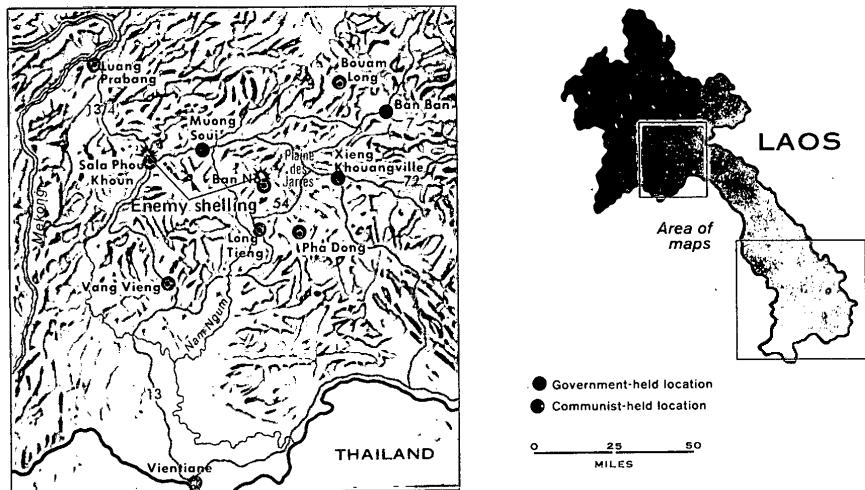
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FOR THE PRESIDENT ONLY



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LAOS

The two sides were scheduled to meet yesterday to start negotiations on cabinet composition and other aspects of the new government.

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[redacted]

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Rightist tempers apparently have cooled since the stormy cabinet sessions immediately following the cease-fire announcement.

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there are no signs that these elements plan to challenge the accords.

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* * *

At a press conference today, Souvanna accused the Communists of 29 serious cease-fire violations and claimed that he would seek renewed US air support if the violations continue.

One government battalion is still holding high ground east of Paksong which was captured by the Communists yesterday shortly after the cease-fire went into effect.

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[redacted]

Communist units yesterday also dispersed one government battalion west of Saravane and another north of Khong Sedone.

In the north, irregular positions just west of the Plaine des Jarres have been subjected to heavy artillery attack

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Shellings and ground assaults are reported this morning in the area of Sala Phou Khoun. Small-scale shellings have also been reported at Long Tieng in the north and near Thakhek in the central panhandle.

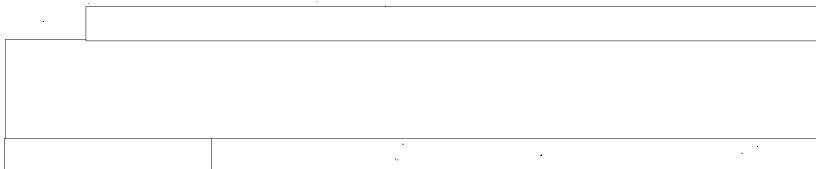
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JAPAN



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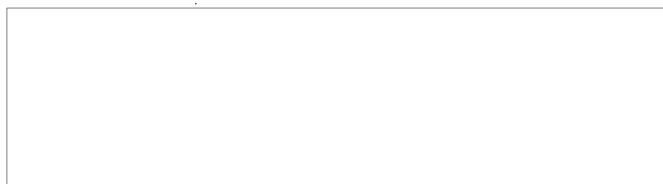
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FOR THE PRESIDENT ONLY

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MBFR

The Soviets and Hungarians have refused to budge on the question of Hungary's status in the talks. The allied position, designed to provide the Soviets with a way to back down if they so desired, was presented on Wednesday by the US and Dutch representatives in Vienna. The Dutch spokesman--to

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the dismay of the Soviets--went beyond the agreed NATO instruction to comment that the Western interest in Hungary's participation was stronger with respect to "related agreements" than to force reductions.

The comment reflected recent Dutch efforts in NATO to gain assurance that if Hungary is excluded from the reduction zone--as the Soviets wish--it will be included in a broader constraints area. Such inclusion is intended to deter the USSR from augmenting its forces in Hungary while reducing them elsewhere.

The Hungarian described the position as "old wine in new bottles." The Soviet delegate told the US representative that the authorities in Moscow were "highly excited and worked up" over Western obduracy on the Hungarian issue. He added that the Dutch reference to "related agreements" would "send them through the roof."

There now appears to be only the slightest chance that the Soviets will agree to include Hungary in the reduction zone without also including Italy. The deadlock will increase support in NATO, particularly among the flank states, for the US proposal to leave the status of Hungary in abeyance in order to get the meeting started. Many allies still feel, however, that there is no urgent need to compromise. The British in particular wish to continue a leisurely pace.

The caution of some NATO allies reflects in large part their belief that the US proposal is only the first step toward accepting Hungary's exclusion from the initial reduction zone. They may in the end agree to this, but not until they are convinced that there is no flexibility in the Soviet position.

FOR THE PRESIDENT ONLY

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EGYPT

Our embassy in Moscow has provided two versions of Hafiz Ismail's recent visit to Moscow. One version comes from Yevgeniy Pyrlin, a counsellor on Middle Eastern affairs in the Foreign Ministry. The other comes from the second secretary of the Egyptian Embassy in Moscow, who said he was briefed by Ismail.

Both sources agree that Ismail visited Moscow to signal that there was no change in Egypt's basic position on a Middle East settlement. The second secretary said the visit was also to inform the Soviets of Ismail's intention to visit Washington. Pyrlin claimed that Ismail continued to reject all plans for a partial settlement not clearly linked to an overall solution; the second secretary said the Soviets advised Ismail that this was their position as well.

Pyrlin said Egypt demands that Israel ultimately withdraw from all Egyptian territory and insists that there be no change in Egyptian or Syrian borders. Egypt could tolerate, however, modification of the Israeli-Jordanian frontier. The second secretary did not comment on these points.

Both agreed that Egypt does not require sovereignty over the Gaza Strip and would accept the results of an internationally supervised plebiscite in Gaza after the Israelis withdraw. They also agreed that Egypt could accept international control over Sharm ash-Shaykh, but the Egyptian said his country "definitely" could not tolerate Israeli participation in such control, while Pyrlin said Ismail was "unclear" on Egypt's attitude on this subject.

Pyrlin's version dovetails with the Egyptian's statement that Ismail is coming to Washington to discuss details of the US proposal for an interim canal settlement. Ismail is under instruction from Sadat to listen carefully to see if a possibility exists "for beginning a process toward settlement." Any canal opening arrangement must include "some kind of Egyptian military presence" on the east bank.

Both Pyrlin and the Egyptian went out of their way to say that the omission of Jarring's mission from the communiqué issued after Ismail's visit did not mean they had lost interest in it. The Soviet said his government wants to reactivate Jarring; the Egyptian said the omission was a "grievous oversight."

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VENEZUELA-OPEC

The Organization of Petroleum Exporting Countries has agreed to Venezuela's request for a special meeting to discuss the world energy crisis. The meeting is scheduled to open on 16 March.

Venezuelan officials have so far been vague on the proposals they intend to make. We expect them to seek agreement on raising the price of oil. Also, Venezuela's petroleum minister has privately intimated that Venezuela may seek other ways for the producing countries to get a better deal from the consuming nations. This suggests that Caracas may resume pressure for a conference involving major oil consumers and suppliers.

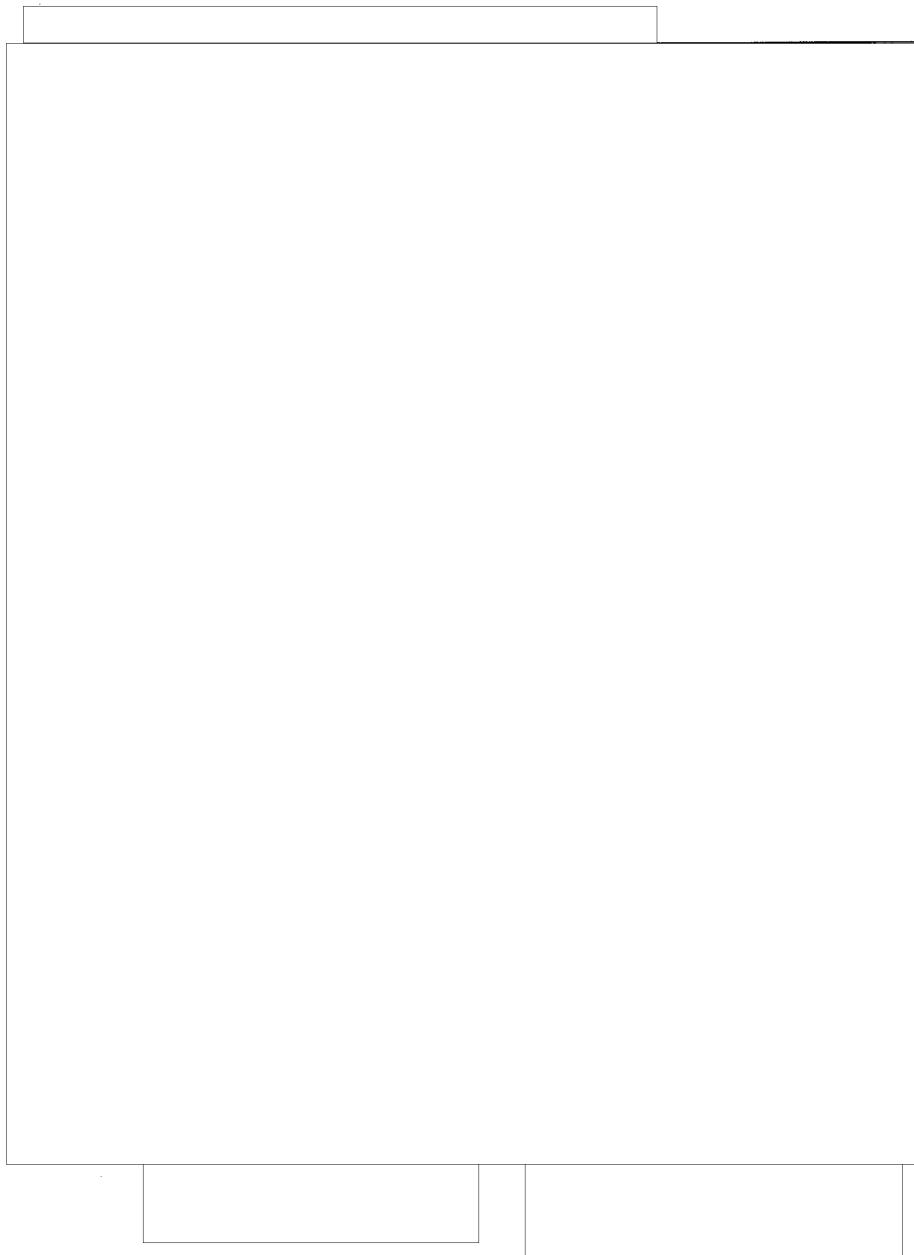
President Caldera is also looking into other possibilities.



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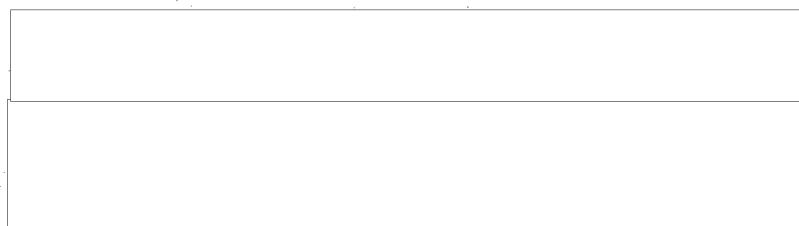
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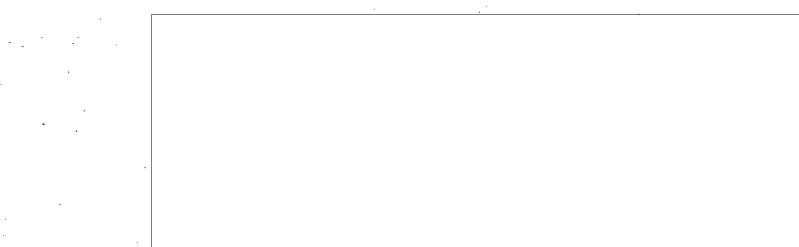
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The President's Daily Brief

24 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

24 February 1973

PRINCIPAL DEVELOPMENTS

The Japanese are preparing to negotiate major economic development deals with the USSR, without waiting for a peace treaty. (Page 1)

West German Chancellor Brandt will get his Social Democratic Party convention to reaffirm faith in the alliance with the US. (Page 2)

President Thieu has inaugurated a "popular front" in a first effort to bring South Vietnam's major political and religious groups into the government camp. (Page 3)

The North Vietnamese, the Chinese, and the Soviets have expressed satisfaction with the Laos cease-fire agreement. (Page 4)

Peru's President Velasco is in serious condition following emergency surgery yesterday. (Page 5)

At Annex, we discuss the effects of the Vietnam settlement on China and the USSR.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

JAPAN-USSR

The Liberal Democratic Party leadership and Japanese Government bureaucracies have agreed that economic issues should be negotiated separately from a Japan-Soviet peace treaty. Moscow's consistent refusal to return the Northern Territories

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[redacted] have overcome Japanese Foreign Ministry desires to use economic issues as political levers.

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Many problems remain to be resolved before the Japanese side will actually initial any agreement, however.

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FOR THE PRESIDENT ONLY

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WEST GERMANY

At the express wish of Chancellor Brandt, the executive board of the Social Democratic Party is preparing a motion which affirms that the NATO alliance and the continued military and political presence of the US in Europe is essential for the preservation of the balance of power. The motion, to be presented for adoption at the party's national congress in April, also states that in order to maintain the US presence, the German Government must ensure that European nations do their best for the common defense.

Brandt, who was disturbed by left-wing criticism of the US after the renewed bombing of North Vietnam in December, has said that he regards passage of the motion a matter of principle. He has also indicated he is prepared to use his personal prestige and power as party chairman and chancellor to ensure that the motion is adopted.

Brandt's espousal of this resolution reflects his convictions that Bonn's relations with the US should be as friction-free as possible, and that the Europeans should do more to strengthen NATO. On 18 January he suggested that the Eurogroup should serve as a forum for such efforts.

Beyond this, however, the motion is Brandt's first major effort to grapple with an anticipated left-wing challenge at the April convention. The left wing of the party is likely to be cast into considerable disarray in deciding whether or how to oppose Brandt's resolution at the party congress. The chancellor's stated readiness to put his prestige on the line should ensure that moderates and conservatives will rally to Brandt's side and adopt the motion.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

President Thieu's new "popular front" held its public inaugural meeting yesterday in Saigon. The front brings together a wider range of groups than previously associated with the government, including some opposition forces. It is designed to be advisory to the government and may be made part of Saigon's contingent to the tripartite National Council for National Reconciliation and Concord. Government supporters also acknowledge that the front is intended to improve the government's image at the Paris conference next week and during Thieu's coming visit to the US.

The front is Thieu's first direct effort in several years to bring the country's major political and religious groups formally into the government camp. Earlier alliances foundered over mutual distrust and the president's unwillingness to give the politicians any meaningful role in his government. The role of Thieu's Democracy Party in the new "popular front" has not been spelled out, but one front participant claims that party cadre are to hold all of the key positions.

Reaction to the new front varies from optimism that it can become an effective counter-force to the Communists to suspicion that it is only for "show." The country's most influential opposition, the An Quang Buddhists, are cautious. Several An Quang senators attended the organizational meeting, but the An Quang hierarchy remains uncommitted.

The participating groups will quickly become restive if the Democracy Party assumes the most important positions. The cooperation of several will depend on whether Thieu liberalizes his restrictive decrees on political parties and the press, and acts more forcefully against corruption.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INDOCHINA

International reaction to the announcement of a cease-fire in Laos has been positive. North Vietnamese leaders called the settlement a "success of... the three Indochinese peoples" and pledged Hanoi's support for its implementation. Peking's People's Daily hailed the agreement as a "tremendous victory for the Lao people." Soviet diplomats in Vientiane and TASS commentators in Moscow have likewise welcomed the agreement.

We did not expect any other reaction. Both the Soviets and the Chinese, for reasons of their own, have a strong interest in keeping the level of conflict in Indochina fairly low. Neither this settlement, nor the Vietnam agreement, however, will bring any improvement in Sino-Soviet relations. At Annex, we explore the reasons for such a judgment.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

Peru: President Velasco is in serious condition following emergency surgery yesterday for an abdominal aneurysm. The military government he has headed since its inception in 1968 is capable of carrying on with a minimum of disruption. Temporary leadership will be provided by Prime Minister Mercado, who also holds the posts of minister of war and army commander. Should Velasco fail to recover, Mercado almost certainly will be named president by the three armed services chiefs sitting as the revolutionary junta. As president, Mercado might be more amenable to moderating influences than Velasco and would make changes in the pace and style of the military government. We would not expect, however, any lessening of the armed forces' commitment to domestic change or to a staunchly independent foreign policy.

International Monetary Developments: The dollar made a modest recovery yesterday in late trading on European markets, but not enough to offset a sharp drop during early trading. For the first time since the devaluation, several European central banks made small purchases in the spot market to support the dollar. In Japan, the dollar closed slightly higher, in part because of rumors that Tokyo intends to slow the issuance of shipbuilding export licenses. Meanwhile, gold closed at \$84 yesterday on the London market, a slight drop from Thursday's closing price.

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FOR THE PRESIDENT ONLY

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THE VIETNAMESE SETTLEMENT AND SINO-SOVIET RELATIONS

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The Vietnam settlement will not bring any improvement in Sino-Soviet relations. Rather it will intensify and spread the competition between Moscow and Peking not only in Southeast Asia but--more importantly--with the US. The net result will be to increase US leverage in both Communist capitals.

In Indochina, the policies of the USSR and China will each be designed to prevent the other from gaining a dominant position in the region in the aftermath of the war. Neither can expect to gain a leading role in Hanoi, which maintained its independence even when it sorely needed military aid and had few economic supporters. Nevertheless, neither will feel that it can leave the field to the other. In their efforts to curb the other's chances, both are likely to see advantages in a US presence in Hanoi; Izvestiya has already made it clear that the USSR would welcome the establishment of diplomatic relations between the US and the DRV.

In Laos and Cambodia, the Chinese are better positioned than the Soviets, who can therefore be expected to back solutions which check the growth of Chinese influence. In Cambodia this means the Soviets will support whomever gives most promise of keeping out Sihanouk. In Laos it may lead the USSR to align itself behind the North Vietnamese.

Both parties, however, share an interest in keeping the level of local conflict in Indochina fairly low in the immediate future. They will not want problems in the area to reach proportions which lead to new international crises. This gives them each an interest in limiting the flow of arms to the area, including to North Vietnam.

We expect Sino-Soviet competition to heat up in Southeast Asia. The end of the fighting opens the way for Chinese diplomatic advances in Thailand, Malaysia, and neighboring countries. In response, the Soviets are reviving their vague proposal for Asian collective security, which at least serves to remind the Asians that, if US commitments are reduced, there remains an alternative to accommodation with Peking. Moscow may also seek to push India forward as a counterweight to China.

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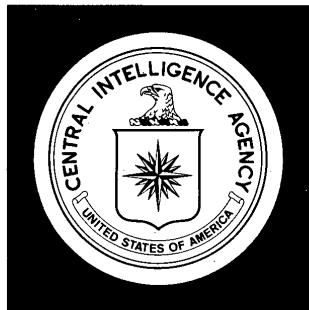
FOR THE PRESIDENT ONLY

On the larger world scene, Moscow and Peking will view the settlement as removing a major obstacle in their bilateral relations with Washington. Each will also be aware, however, that it must share this advantage with its rival, and each will be suspicious that the other is making better use of it. The Soviets will conclude from the US-PRC communique of 22 February that the US and China have moved past the Taiwan problem and are developing close relations, despite disclaimers, on an anti-Soviet basis. The Chinese will worry that, with Vietnam removed from center stage, projects for Soviet-US cooperation will now multiply. The result will be to intensify their struggle for advantage in the greater power centers of the world--Japan and Europe, but above all in the United States.

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Top Secret



The President's Daily Brief

26 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

26 February 1973

PRINCIPAL DEVELOPMENTS

We now have evidence that some North Vietnamese troops entered the infiltration pipeline after the cease-fire on 28 January. Substantial quantities of supplies also continue to move southward.

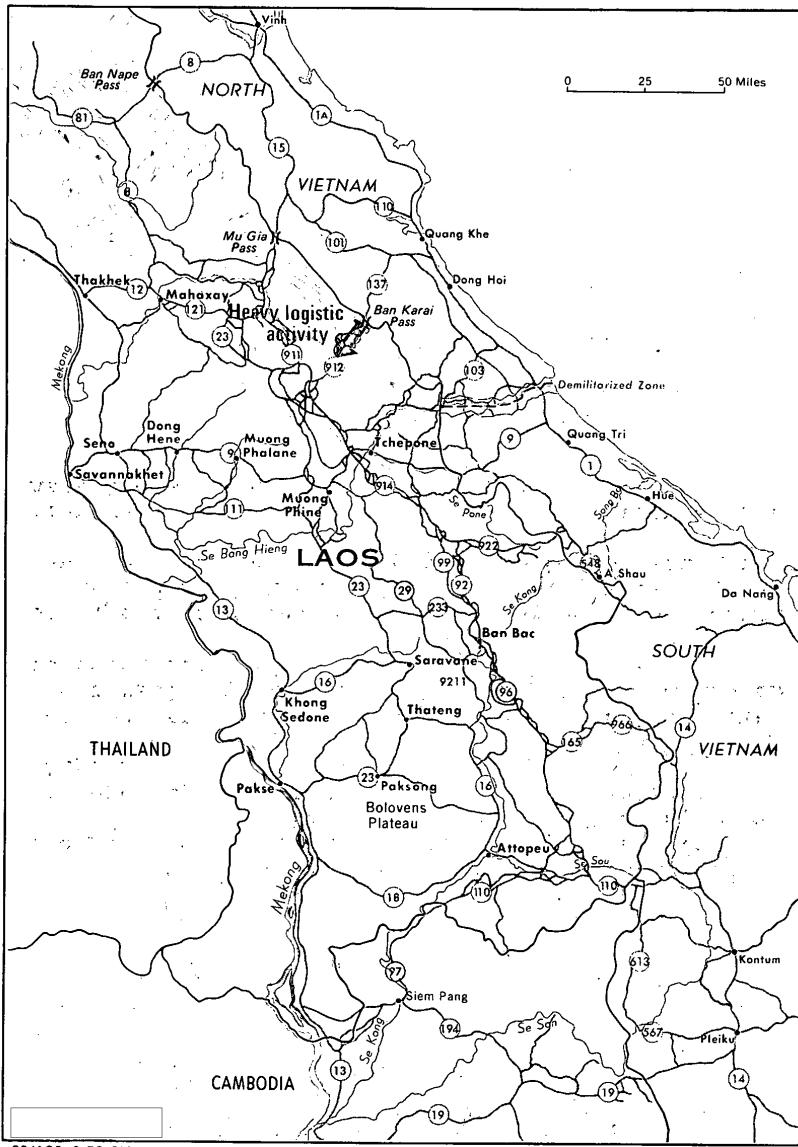
(Page 1)

The Laotian Communists evidently are cutting down their military action to help get talks started on carrying out the cease-fire. (Page 2)

On Page 3 we discuss a somewhat fragmented account of an indirect contact between the Cambodian Government and Sihanouk's in-country "Interior Minister."

Iran reports a record seizure of opium from a truck near the Afghanistan border. (Page 4)

FOR THE PRESIDENT ONLY



FOR THE PRESIDENT ONLY

VIETNAM

We now have evidence that some North Vietnamese troops entered the infiltration pipeline after the cease-fire on 28 January. North Vietnamese messages indicate that five infiltration groups--about 1,600 men in all--passed through a way station near the Ban Karai Pass between 10 and 14 February. It takes about ten days to travel from Vinh to this area.

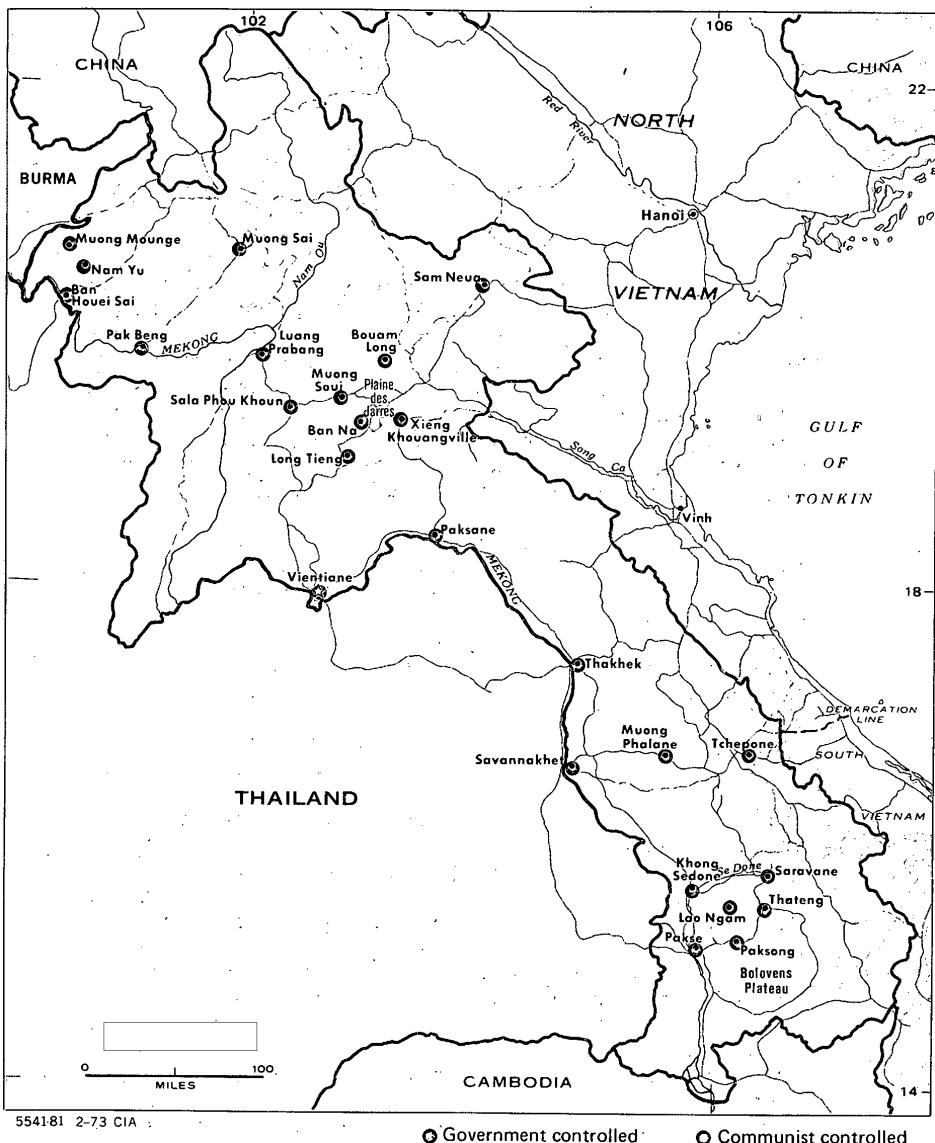
Including these five, a total of 16 new infiltration groups are moving southward in southern Laos. Nearly all are infantry troops. There are indications that five additional groups have passed through the system undetected.

We estimate that some 23,000 troops have left North Vietnam for infiltration into the South since 1 January. Of the total, approximately 13,000 are earmarked for the southern portion of South Vietnam, while 10,000 are headed for the central and northern parts of the country. The many groups which appear to be traveling by truck should reach their destinations in the next few weeks.

The Communists also are sending substantial quantities of supplies southward to facilities near the Ban Karai Pass, apparently for shipment into southern Laos. According to a field translation of a message of 23 February, some 1,100 trucks moved about 4,300 tons of food, ordnance, and other cargo through this area between 1 and 22 February. Later intercepts indicate that heavy logistic activity continued in this area on the 23rd and 24th.

FOR THE PRESIDENT ONLY

LAOS



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FOR THE PRESIDENT ONLY

LAOS

Recent messages indicate that the Communists want to get talks in Vientiane started on implementing the cease-fire. According to a message of 25 February, Hanoi has ordered its units in the Plaine des Jarres area to stop initiating attacks against government forces. Similar messages have been relayed to North Vietnamese units operating in the central panhandle.

Meanwhile, Communist negotiator Phoun Sipraseth says that he expects the military subcommittee to produce a "protocol of implementation of the cease-fire" no later than 28 February. Pathet Lao spokesman Soth Phetrasy adds that at the first session, scheduled for today, the Communists will table four items: application of the cease-fire, withdrawal of foreign forces, POWs, and supervision and control of the cease-fire. The government, for its part, has drawn up a list of proposed cease-fire violation checkpoints. The bulk of them are in the north and several are along the Chinese-constructed road network. According to a Canadian ICC official, even if the Communist timetable of 28 February is met, ICC teams could not move into the field until 8 March at the earliest.

The level of military activity began to taper off during the weekend, but both sides continued to maneuver to expand their holdings. On the Bolovens Plateau, the Communists rebuffed an initial government effort to push back into the Paksong area. Farther north, government forces moving along Route 13 north of Thakhek were dispersed following a sharp ground attack and are now retreating toward the town. Government forces near the Plaine des Jarres were pushed back from several high-ground positions they have been trying to establish overlooking Xieng Khouangville and also lost several small outposts near Bouam Long.

In a radio broadcast yesterday, the Pathet Lao outlined the territory they consider to have controlled at the time of the cease-fire. The Communists laid claim to the entire "Bolovens Region," specifically including government-occupied Thateng as well as Saravane, Paksong, and Lao Ngam. In the central panhandle Muong Phalane was the only place of significance mentioned. In the north, the broadcast noted that prior to the cessation of hostilities Pathet Lao forces controlled the "Plaine des Jarres - Xieng Khouang Region," Muong Soui, and the far northwestern post of Nam Yu, but also claimed the Sala Phou Khoun crossroads and Muong Mounge near the Burmese border--both still in government hands.

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CAMBODIA

The Cambodian Government [redacted] 25X1
made contact with Hou Youn, Sihanouk's in-country
"Minister of Interior." [redacted] 25X1
[redacted] a go-between for First
Minister Hang Thun Hak, says he has met Hou Youn.
twice.

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Hou Youn maintained he is opposed to a Communist system for Cambodia and anxious to stop the fighting provided the government demonstrates its sincerity by naming trustworthy negotiators. Hou Youn left the impression, however, that pro-Hanoi and other pro-Sihanouk elements of the insurgency do not share his interest in negotiations and support a prolonged conflict.

[redacted] Hou Youn indicated 25X1
he is more favorably disposed toward the US and the Soviet Union than toward China. He said any negotiations would have to be arranged under the auspices of Washington, Peking, and Moscow and be held in a neutral country.

The account underscores the insurgents' factionalism, which is certain to impede any quick settlement of the Cambodian problem.

If President Lon Nol allows Hak to keep this channel open, subsequent contacts may shed more light on who really leads the insurgency and where the loyalties of these leaders lie.

FOR THE PRESIDENT ONLY

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NOTES

Iran: Earlier this month Iranian authorities confiscated some 12.7 tons of opium, the largest single haul taken anywhere in the world.

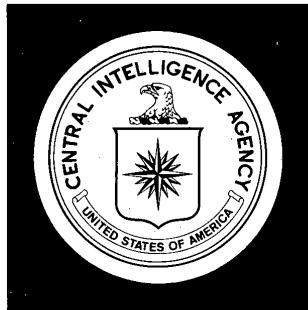
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In vigorously moving to halt the illicit opium traffic the Shah has provided his anti-narcotic forces with such tools as troop-carrying helicopter gunships, off-road motorcycles, and night vision equipment. Substantial cash awards provide further incentive for tight enforcement.

Israel - Arab States: The current inclination of Arab governments in the aftermath of Wednesday's downing of a Libyan airliner appears to be primarily toward political action. Despite continued Arab talk of retaliation, no serious anti-Israeli actions have been launched, and there is no evidence to support press reports that Libyan fighters have been ordered to search for and destroy Israeli airliners over the Mediterranean. The general furor over the shootdown remains high, however, and isolated anti-Israeli incidents could occur.

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THE PRESIDENT'S DAILY BRIEF

27 February 1973

PRINCIPAL DEVELOPMENTS

In Laos the level of fighting continues to decline amid signs that some North Vietnamese units believe they will be returning home soon. (Page 1)

Canada has warned it may pull out of the peace-keeping operation in Vietnam if the cease-fire does not become effective. (Page 2)

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Libya

25X1

(Page 3)

25X1

In Chile, delay in President Allende's plan to provide large stocks of food to low-income consumers before next Sunday's congressional elections probably has lost some votes for the government coalition. (Page 4)

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Hard bargaining seems in prospect at the preparatory talks for a Conference on Security and Cooperation in Europe which resumed yesterday in Helsinki. (Page 5)

Annex

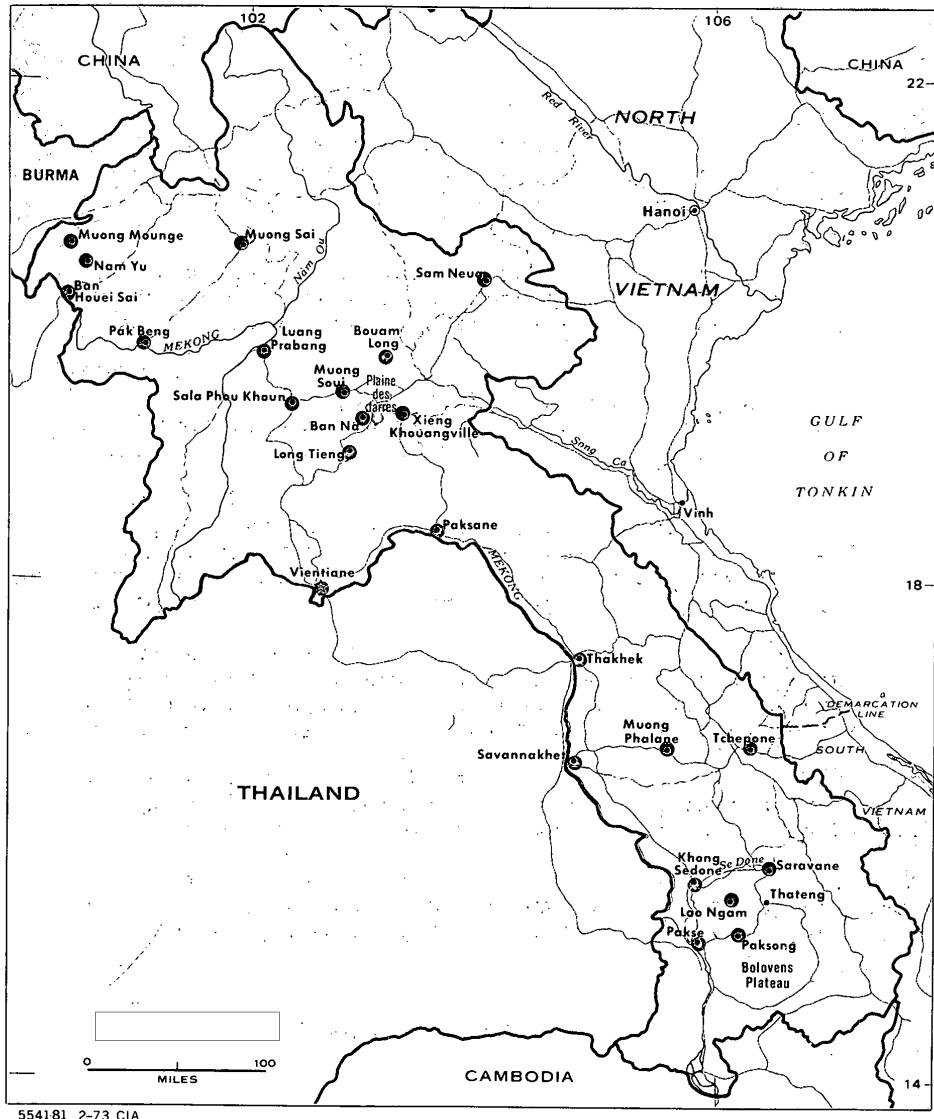
Canadian

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FOR THE PRESIDENT ONLY

LAOS



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FOR THE PRESIDENT ONLY

LAOS

The level of fighting continues to decline amid signs that some North Vietnamese units believe they will be returning home soon.

In the south, an irregular company near Thateng dispersed after receiving heavy shelling; otherwise only minor clashes near Khong Sedone and isolated shellings west of Paksong have marred the cease-fire during the past two days. Communist troops in the central panhandle on 25 February attacked a government unit along Route 13 north of Thakhek for the second time in three days and again forced the irregulars to fall back. Near Muong Phalane, however, radio conversations between North Vietnamese units have mentioned preparations for returning to North Vietnam. The troops involved in these intercepts have told villagers in the area that some units would be leaving as soon as Pathet Lao replacements arrived. In the area of the Plaine des Jarres, where Communist gunners continued to shell government positions in the hills near Xieng Khouangville, North Vietnamese radio messages suggested that some units think that they will be leaving this area also.

No orders to North Vietnamese units to withdraw have been intercepted, however, and no major North Vietnamese units have been detected pulling back toward the North Vietnamese border.

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CANADA

Foreign Minister Sharp told the International Conference on Vietnam yesterday that Canada might pull out of the peace-keeping operation as early as 30 March if the cease-fire does not become effective. Sharp based his presentation on Canada's frustrations as a member of the defunct International Control Commission and warned that Canada would not put up with such a situation this time.

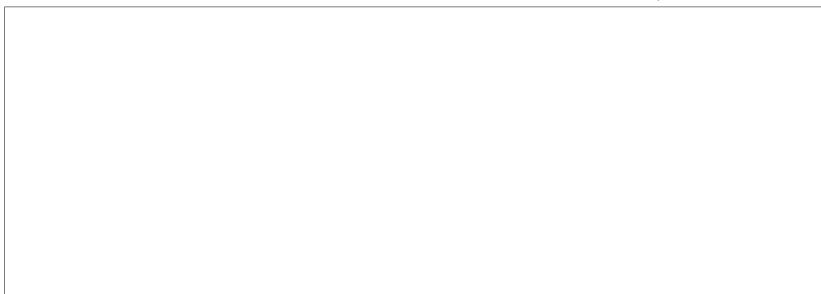
Sharp's statement must be viewed in the larger context of Prime Minister Trudeau's difficulty of leading a minority government.

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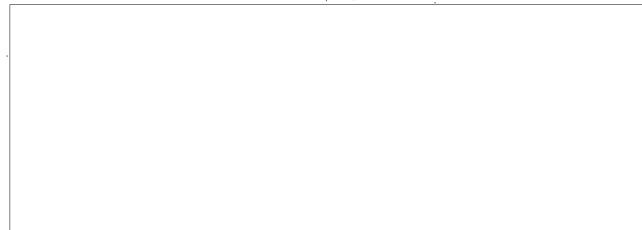
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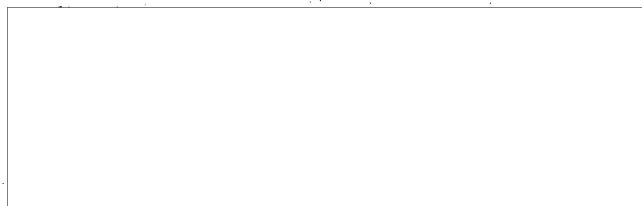
LIBYA



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CHILE

Socialists and other extremist functionaries who largely control food distribution have resisted efforts by Air Force General Bachelet, recently appointed chief of the distribution program, to organize an effective national system.

The result has been to delay President Allende's plan to provide large stocks of food to low-income consumers before next Sunday's congressional elections. The Socialists' tactics have again stirred up animosities between them and the Communists and have probably lost some votes for the government coalition.

Further pursuing their hard line against the military and the Communists, the Socialists are blaming the military for the failure of the supply system, and, in collaboration with other extremists, are inciting slum clashes over the allocation of food.

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NOTES

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European Security Conference: Soviet officials have expressed disappointment over the slow pace of preparatory talks for a Conference on Security and Cooperation in Europe which resumed in Helsinki yesterday after a two-week recess. Moscow appears to have scaled down its original expectations and will probably concentrate on what it regards as the central issues--endorsement of the inviolability of frontiers and approval of a post-conference consultative organ. The West, on the other hand, wants the agenda spelled out in some detail before making commitments on the timing and location of the actual conference. Hard bargaining now seems in prospect.

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CANADA

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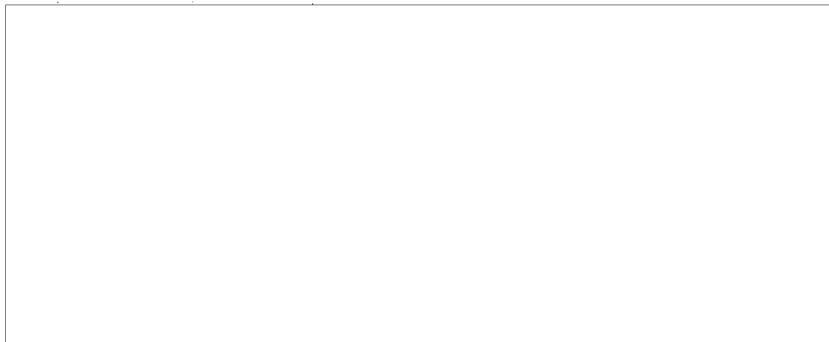


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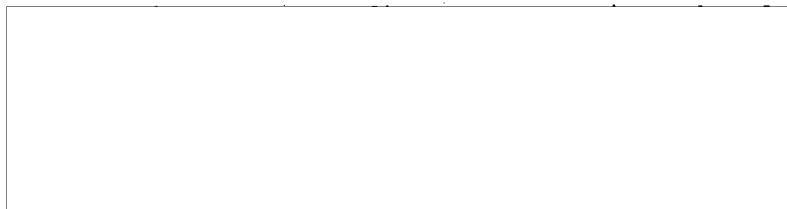
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THE PRESIDENT'S DAILY BRIEF

28 February 1973

PRINCIPAL DEVELOPMENTS

The North Vietnamese apparently fear they will lose their leverage once they return all US POWs. (Page 1)

The Soviets appear to be pressing both the West Germans and the Czechoslovaks to restore relations. (Page 2)

The Western oil consortium and Iran have reached a new agreement. (Page 3)

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[Redacted] (Page 4)

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NORTH VIETNAM

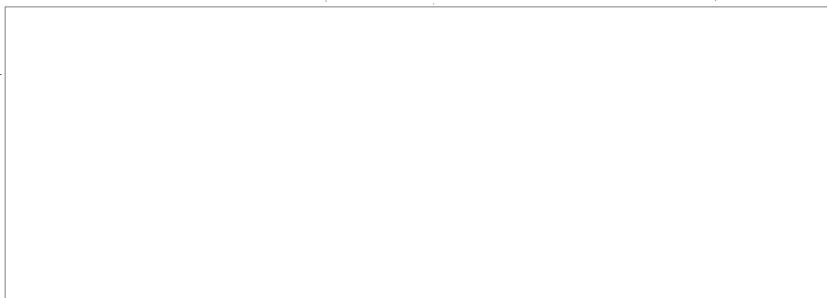
Hanoi's announcement that no US prisoners will be released until certain "serious problems" in the implementation of the Vietnam agreement are taken care of appears to reflect North Vietnamese fears that return of all the prisoners will cost them their leverage. The Communists have not been specific about the nature of the "serious problems" but the treatment of their delegations in South Vietnam is a prime issue. Another is Saigon's handling of the Communist prisoners it holds. A third could be the pace of US minesweeping operations in North Vietnamese waters.

The Vietnamese Communists clearly see the emotionally charged return of prisoners to the US as an exploitable issue, and we believe they will try to use it to get the US to influence the South Vietnamese to implement the accords in a manner that is more to their liking.

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WEST GERMANY - CZECHOSLOVAKIA



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For their part, the Czechs moved toward accommodating Bonn last week during Soviet party chief Brezhnev's visit to Prague. The communique issued at the end of the visit avoided mention of Prague's long-standing demand that the Munich Agreement of 1938 be declared invalid "ab initio"--something Bonn has steadfastly refused to do. The Czechs apparently now will be satisfied with a statement that simply declares the agreement to be "invalid."

This formulation undercuts the go-slow arguments of legal experts in the West German Foreign Office, and we believe that talks are likely to resume soon.

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IRAN

The Shah and representatives of the Western oil consortium have reached a new agreement in principle. Although final details have yet to be worked out, the settlement will in large part meet the Shah's demand for greater control over the operations of the companies. As a result, the government will conclude a five-year management contract and a 20-year sales contract enabling the companies to continue to produce and market most of Iran's oil. Negotiations of details could take until 15 April.

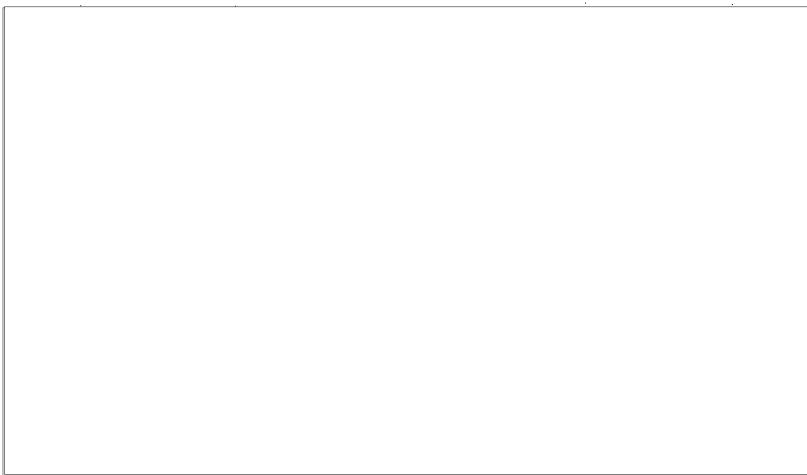
The consortium had reached a tentative agreement with Iran last spring, but the Shah reopened negotiations in December because he felt that the same companies had in the meantime given several Arab Persian Gulf oil states a better deal. In a tough speech last month, the Shah gave the consortium a choice: either renegotiate the agreement immediately or break off the relationship in 1979 when the present contract expires.

The new agreement will help the Shah fulfill his desire to assert his leadership role in the Persian Gulf. Its terms are financially about the same as those negotiated by other governments of the gulf. Therefore, it should not cause the others to seek renegotiation of their agreements.

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