

## THAILAND PUTS THE SQUEEZE ON US BUSINESSMEN

Growing economic nationalism has caused the government to adopt a tougher attitude toward the US economic presence in Thailand. Bangkok is considering new restrictions on US business interests in an attempt to reinforce demands for new commercial and administrative agreements. The government has imposed visa requirements on US citizens for the first time in 45 years and has announced plans to restrict the services of US airlines. In addition, government leaders are talking about revising Thai investment and foreign employment laws, which would have considerable impact on the sizable US business community.

Some of these measures appear designed for bargaining purposes in current talks on commercial matters and in dealings with the US military in Thailand. A number of local US business leaders have reacted with alarm, however, believing such "harassments" may signal a substantial tightening of Thailand's hitherto liberal policies toward US commercial interests.

There is little doubt that Bangkok has embarked on a far-reaching review of the terms of its economic dealings with the US. The Thai have long chafed under what they have viewed as commercial inequities, but have

not pressed the issue in the interest of protecting Thailand's over-all relationship with the US. Believing that the US commitment to Thailand is not as strong as heretofore, Bangkok thinks it now can afford to be less solicitous of US economic interests. Domestic pressures and more competitive US commercial activity--particularly in the rice trade--have also been important factors contributing to the new Thai attitude. Thai and US leaders have joined battle in the Thai press over these issues. Although the Thai are aware of the leverage they enjoy in matters dealing with the US presence and are in a mood to exercise it, they are not likely to take any action that would significantly reduce the substantial benefits accruing from US commercial activity.

The Thai are, however, expanding economic relations with the Soviet Union and with Eastern Europe. Bangkok is expected to conclude its first trade agreements with Moscow in the near future and will probably grant AEROFLOT its long-sought landing rights. Thai leaders have for some time been voicing more interest in broadening their economic contacts with these Communist countries, in part reflecting their dwindling confidence in the permanence of their relationship with the US. (~~CONFIDENTIAL NO FOREIGN DISSEM~~)

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## COMMUNISTS RESTORE THEIR CONTROL IN NORTH LAOS

A series of rapid attacks has enabled the Communists to reoccupy virtually all of the ground lost in north Laos during the government's last rainy-season offensive.

Communist control over the Plaine des Jarres was assured when an estimated 400 North Vietnamese troops, supported by tanks, finally overran the government's forward headquarters at Xieng Khouang airfield in the early morning of 21 February. Government defenders apparently suffered only light losses in their retreat west and south from the airfield, and most of them have found their way back to friendly lines. By the evening of 21 February, after the evacuation of Xieng Khouangville, the entire Plaine was firmly in Communist hands.

Meo General Vang Pao's subsequent efforts to establish a new defensive perimeter running along the western and southern rim of the Plaine have been complicated by additional westward advances by the enemy. The Communists, pressing their advantage quickly seized the mountain outpost of Phou Kout on 23 February. Enemy probing attacks on 24 Feb-

ruary forced a small number of government troops to abandon the important airstrip at Muong Soui on Route 7.

Elsewhere, there were reports by government patrols that some enemy forces were moving south of the Plaine toward Meo outposts guarding the northern approaches to Vang Pao's main bases at Long Tieng and Sam Thong. A North Vietnamese battalion was sighted moving into position near one of these outposts. Vang Pao has reinforced these positions with more troops and one 155-mm. howitzer. Although many government troops are in disarray and suffering from low morale, Vang Pao has at his command a number of Meo guerrilla battalions that could be expected to mount a stiff defense against any quick Communist thrusts at their homeland.

The lack of adequate supply stockpiles on or near the Plaine will likely hinder the Communists from making immediate deep inroads into remaining government-controlled areas. Once the Communists have re-established their supply lines, however, they probably will bring pressure on government defense lines southwest of the Plaine. ~~(SECRET)~~

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