



The President's Daily Brief

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21 May 1970

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PRINCIPAL DEVELOPMENTS

[Redacted]

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Communist troops meanwhile continue to press government forces. (Page 1)

The Communists apparently intend to keep important elements of their logistic apparatus in the Laotian panhandle during the rainy season. (Page 3)

[Redacted] Soviet [Redacted]
[Redacted] (Page 4)

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Prime Minister Sato is concerned that the textile export issue may damage broader US-Japanese relations. (Page 5)

The position of moderates in the Bolivian cabinet has been strengthened by the resignation of a radical leftist minister. (Page 6)

Peking's statement yesterday on Cambodia broke no new ground but did lend Mao Tse-tung's personal prestige to established Chinese positions. (Page 7)

The southward movement of some North Vietnamese infiltration groups apparently is still being delayed. (Page 7)

In South Vietnam, North Vietnamese divisional elements in northern III Corps may soon become more active. (Page 7)

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CAMBODIA

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The Lon Nol regime [Redacted] must be disturbed about the country's declining economic position. [Redacted]

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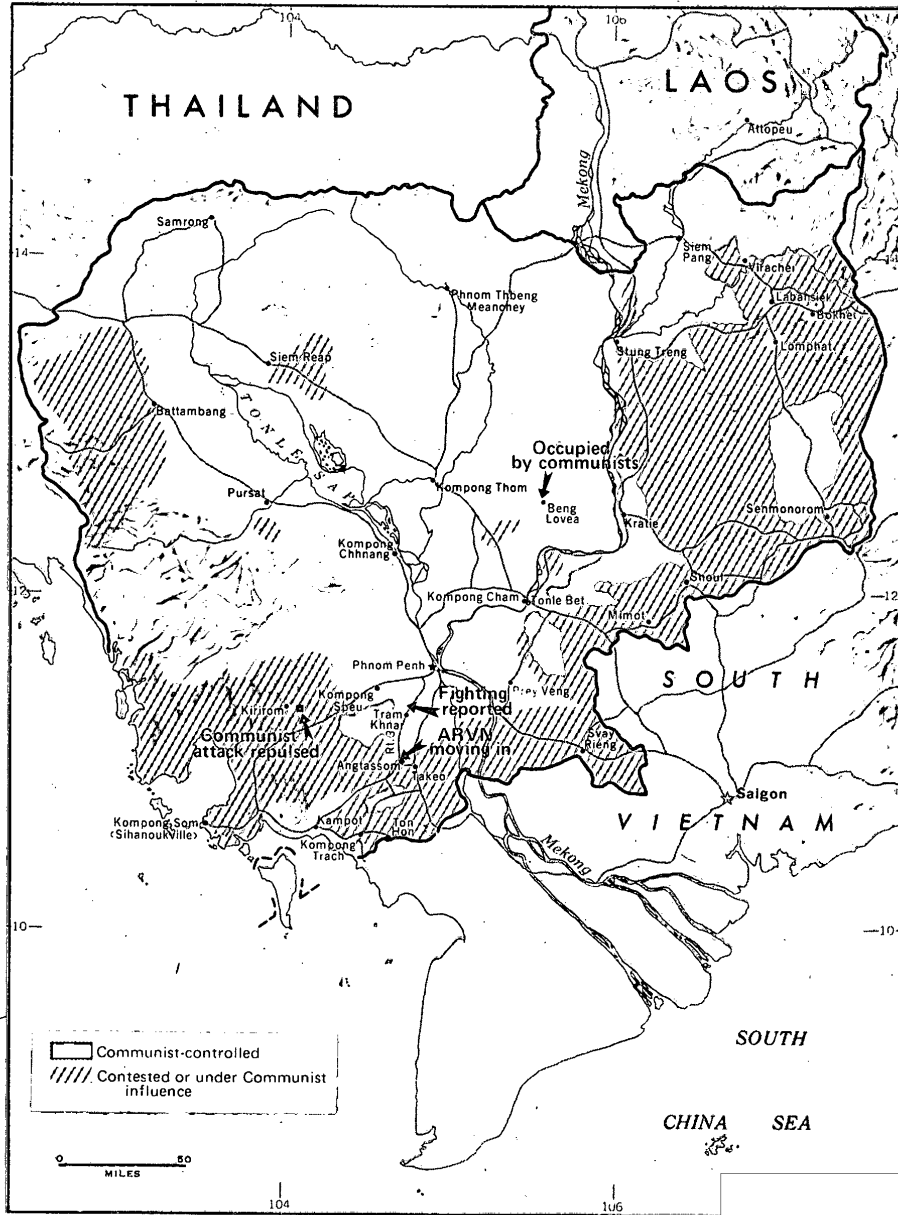
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the national treasury is almost empty, civil servants and soldiers are not being paid, and the government is making no large purchases or placing orders of any kind. In addition, the mass exodus of Vietnamese blue-collar workers from Phnom Penh has forced many businesses to close. Businessmen are generally reluctant to make capital investments, and wealthy Chinese in Phnom Penh are sending their families abroad and trying to convert their Cambodian currency into hard currencies.

(continued)

Cambodia: Current Situation



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The government post at Beng Lovea, in Kompong Thom Province, was occupied on Tuesday by an estimated 1,000 Communist troops. This is the deepest westerly penetration by major enemy forces in this area to date; it is likely that Communist forces recently detected moving west from Kratie were involved in this action. Small bands of Communists are now operating farther westward in the province, and they are telling villagers that they will attack the provincial capital.

In Kompong Speu Province, government forces beat off an attack by about 250 Communist troops against a munitions depot near Kirirom. According to press reports, some fighting is still going on about 24 miles south of Phnom Penh, where a government battalion is battling several hundred Communist troops dug in along Route 3. South Vietnamese troops apparently have reached the embattled town of Angtasom, farther south on the same road.

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LAOS - NORTH VIETNAM

In The President's Daily Brief of 14 May, we reported the first indications that the Communists were preparing to maintain an above-normal level of logistic operations in the Laotian panhandle during the rainy season. Intercepted enemy messages of 16 and 17 May now disclose that antiaircraft artillery units defending three major supply groups in the panhandle probably will stay in place for the entire rainy season.

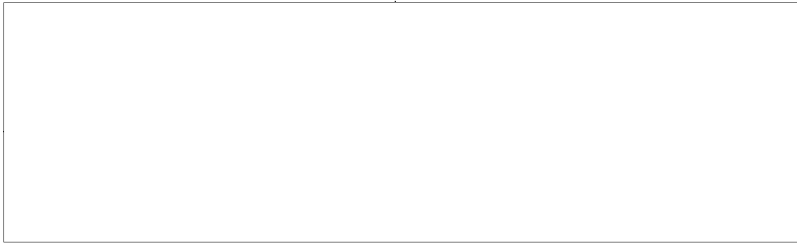
There is still not enough evidence to conclude that the entire logistic system in Laos will be active this summer. Normally, the major logistic components withdraw to North Vietnam, although limited activity continues in the summer in the western DMZ - central panhandle area. It now appears, however, that the Communists have decided to keep a significant portion of their panhandle supply assets available for major logistic operations during the rainy season.

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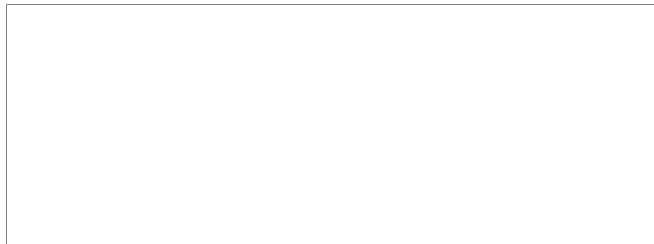
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JAPAN-US

The impasse with the US over textile exports has become an important domestic political issue in Japan. At a recent press conference, Prime Minister Sato claimed that the US had adopted a more flexible attitude, and suggested that the Japanese should be willing to accept a two- or three-year arrangement on voluntary restraints. Japanese textile industry leaders have publicly criticized Sato for his conciliatory approach, and the textile problem has received heavy coverage in the Japanese press in recent months to the delight of Sato's political opponents.

The prime minister is worried that the textile issue may damage broader US-Japanese relations. He also is concerned that the US Congress might pass protectionist legislation if an agreement on voluntary export quotas is not reached soon.

Sato seems determined to use the full weight of his office to help resolve the impasse. Given the delicacy of the issue and its political overtones, however, he has been moving cautiously and indirectly. For example, Sato waited until the Diet session ended before making his latest and strongest appeal to the Japanese textile industry to compromise.

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BOLIVIA

The forced resignation of radical leftist Minister of Energy Quiroga (see The President's Daily Brief of 19 May) appears to have tipped the balance of power in President Ovando's cabinet to the moderates. In particular, Minister of Interior Ayoroa, who oversees police and security forces, is now indisputably the most important cabinet figure. The considerable power he wields officially is enhanced by his cordial relations with army commander Miranda and other military leaders.

Quiroga's exit could mean the eventual departure of the remaining leftists in the government, prominent among whom are Information Minister Bailey and Planning Minister Ortiz. These radicals, with Quiroga as their recognized ideological leader, are blamed by the military for the government's leftward drift. Ovando has been under great pressure from the armed forces to replace them and other civilians in the cabinet.

Volatile student and labor groups have so far not reacted violently to Quiroga's departure. These groups could easily be aroused, however, if Quiroga decides to test public support of the administration.

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NOTES

Communist China: Yesterday's Chinese statement on Cambodia, attributed to Mao Tse-tung, did not break any new ground and was quite mild compared to previous Chinese commentary on Indochina. It probably was designed to lend Mao's prestige to China's position on Indochina, and further enhance China's position in Hanoi at the expense of Moscow. Mao made no commitment on Chinese action in Cambodia--not even the vague promise of material support in the struggle--and simply repeated the standard theme that the danger of a new world war "still exists." The tone of the statement meshes fairly neatly with the attitude taken by Peking in connection with the postponement of the Warsaw talks.

North Vietnam: An intercept indicates that as of 18 May, the movement of some southbound infiltration groups destined for southern South Vietnam and adjacent areas of Cambodia was still suspended. The troops that had been halted were numerous enough to have made serious inroads into the rainy season supplies of a major staging area in the Laotian panhandle. Other infiltration groups apparently are still moving inside the system, but this could reflect the need to avoid overloading any one station. No new infiltration groups have been noted entering the system since 8 April.

South Vietnam: There are signs that elements of two North Vietnamese divisions may be planning diversionary actions in northern III Corps in an effort to relieve the pressure of allied cross-border operations. Some units of the 5th Division have been ordered to attack selected targets and have increased their reconnaissance activities. One regiment of the 7th Division has shifted back into Tay Ninh Province from Cambodia and is now near several allied targets, including artillery bases and a Special Forces camp.

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