



The President's Daily Brief

19 August 1970

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The military situation in Cambodia is relatively quiet

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Peking moves to bolster Sihanouk's exile regime by means of a new military aid pact. (Page 3)

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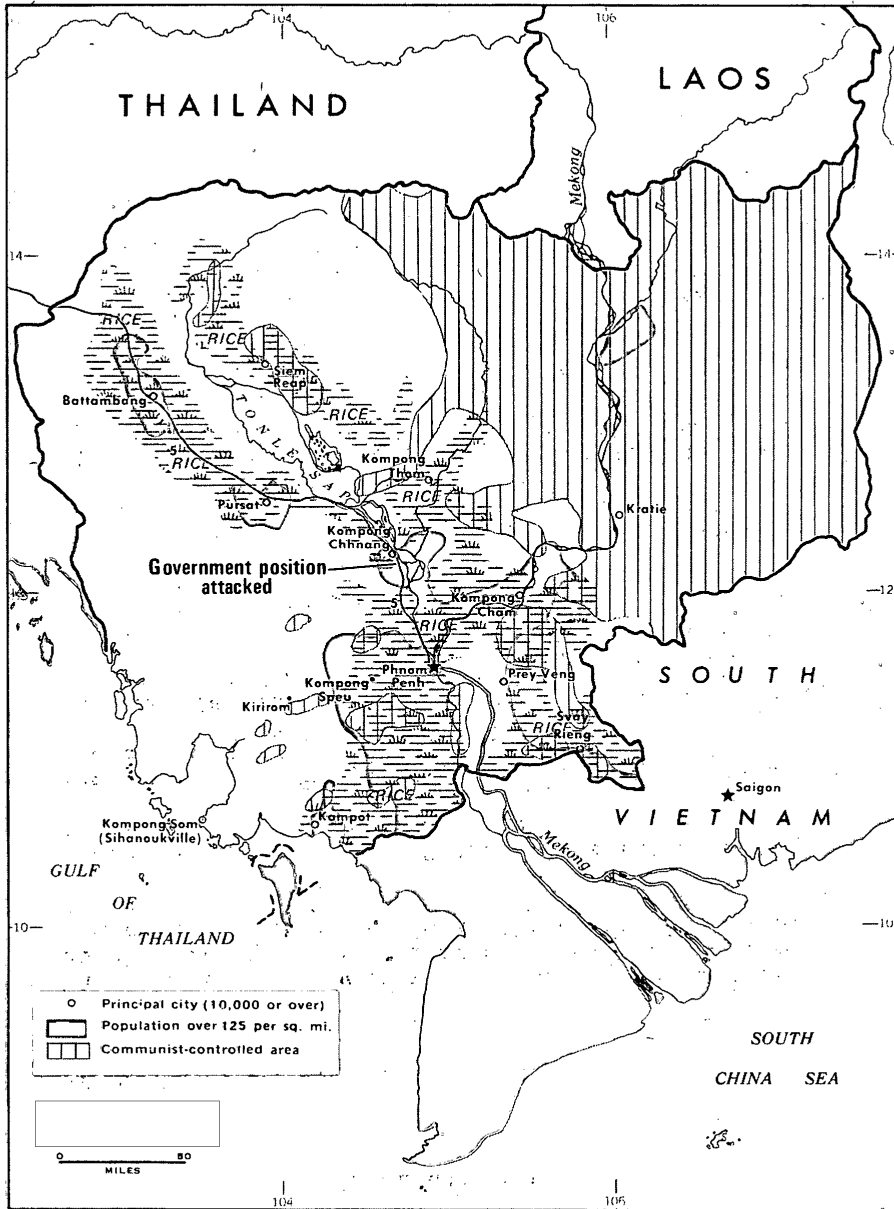
Panama

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The East Germans and the Soviets plan a major increase in trade. (Page 5)

CAMBODIA: Current Situation



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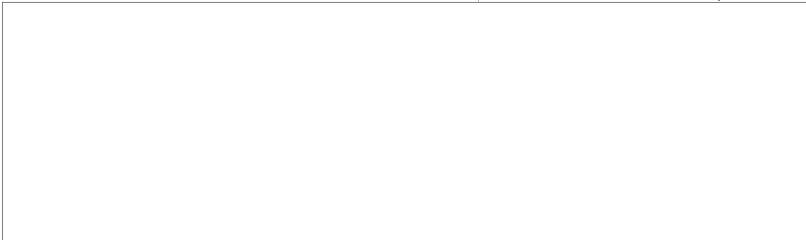
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CAMBODIA

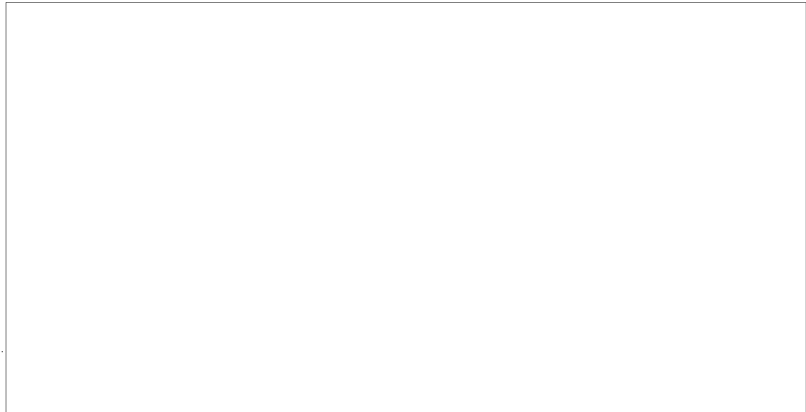
The military situation remains quiet, with Communist activity limited to harassing attacks. Lon Nol, who visited the city of Kompong Thom Monday to boost the morale of the defenders, found spirits there to be high and food in plentiful supply.

A Communist force 12 miles south of the city of Kompong Chhnang set up an ambush Monday and captured a government supply convoy carrying rice and fish. Intercepted messages indicate that Kompong Speu will be attacked on 20 August, and government forces there are getting ready. The Cambodian 7th Infantry Brigade has terminated its campaign in the Kirirom area, unsuccessful in its month-long effort to dislodge the Communists from that mountain resort town.

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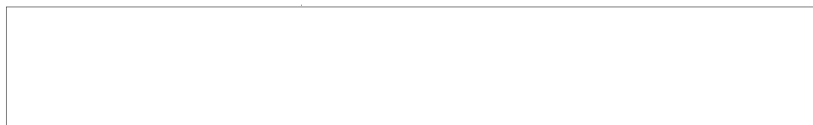
COMMUNIST CHINA - CAMBODIA

The military aid agreement signed in Peking on 17 August is meant to underline continuing Chinese support for Sihanouk's government-in-exile and to boost the Prince's role as Hanoi's partner in the Indochina conflict. Although details are lacking, the agreement probably provides only for the supply of small arms and ammunition for pro-Sihanouk forces in Cambodia. The monetary worth of the arms aid was not disclosed. The Chinese provided military assistance to Sihanouk before his ouster and they have continued to supply financial and material aid since. The announcement, which also contained the first public reference to a loan agreement signed in May, does not signal any change from Peking's policy of avoiding direct military involvement in the Indochina fighting.

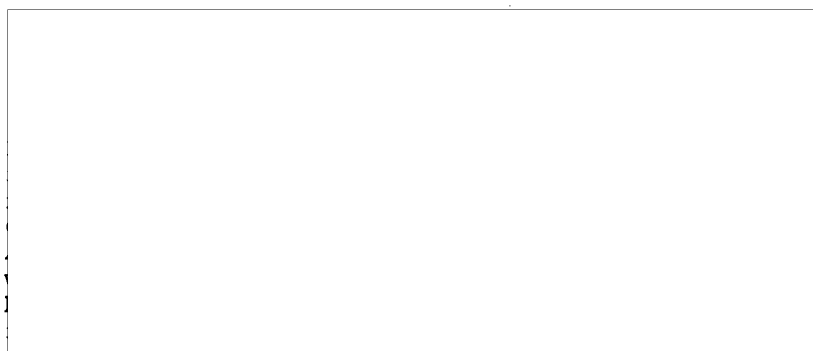
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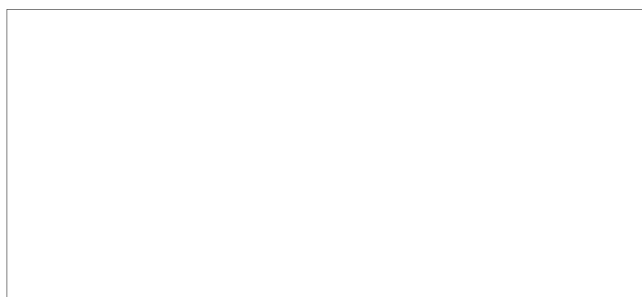
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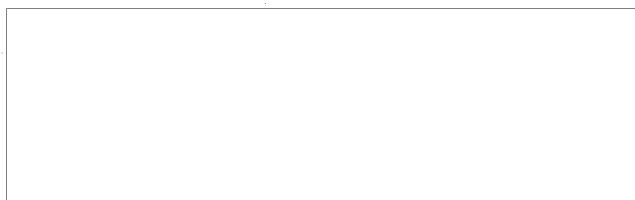
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EAST GERMANY - USSR

The two countries have concluded a pact calling for a 55-percent increase in trade over the current five-year period to \$24 billion during 1971-75.

The agreement reflects give and take on both sides. The East Germans reportedly had been pushing for an even larger increase, but probably will not be disappointed with the annual growth rate of more than ten percent. Pankow's agreement to expand deliveries of consumer goods apparently was a trade-off for Moscow's acceptance of more machinery and equipment, including electronics gear which East Germany has been anxious to sell to the USSR. Machinery and equipment deliveries will almost double during the coming five-year period to about \$11 billion.

For their part, the East Germans obtained promises of a considerable increase in the volume of raw materials deliveries, particularly petroleum and natural gas. However, the GDR apparently was required to agree to provide investment funds to help the USSR cover the rising costs of raw material exploitation.

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