



*The President's Daily Brief*

*29 August 1970*



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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

29 August 1970

PRINCIPAL DEVELOPMENTS

A Soviet oral protest against U-2 reconnaissance flights over Egyptian territory, and our comments thereon, are noted on *Page 1*.

West Germany  
(*Page 2*)

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The military situation in Cambodia is discussed on *Page 3*.

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Libya  
(*Page 4*)

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The Laotian Government's campaign to retake Ban Na has suffered a severe setback. (*Page 5*)

Yesterday's policy speech by Soviet party chief Brezhnev is noted on *Page 5*.

At Annex we examine the impact of the Soviet presence in Latin America.

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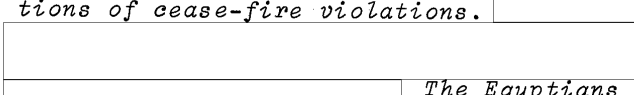
USSR - MIDDLE EAST

The Soviets called in Ambassador Beam yesterday to deliver an oral protest against U-2 reconnaissance flights over Egyptian territory. Deputy Foreign Minister Vinogradov stated that these flights contradict the cease-fire agreement, are a violation of UAR sovereignty, and involve the risk of danger and "special surprises"--evidently an allusion to Gary Powers' flight. He said that, if the US did not cease, it would have to bear the possible consequences.

*This is the first Soviet statement on the subject since Beam informed the USSR of our intentions on 8 August. On that occasion the Foreign Office official confined himself to the observation that this would be a "new element" and that he was "not sure this is a good element."*

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*This protest probably reflects Cairo's annoyance over Israel's public accusations of cease-fire violations.*



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*The Egyptians are probably also concerned to forestall claims by radical Arab states that Cairo is permitting US violation of its territorial sovereignty. Moscow may also be worried that these flights, which constitute the first physical US involvement in the area, could help to erode the inhibitions against further US involvement at some later stage.*

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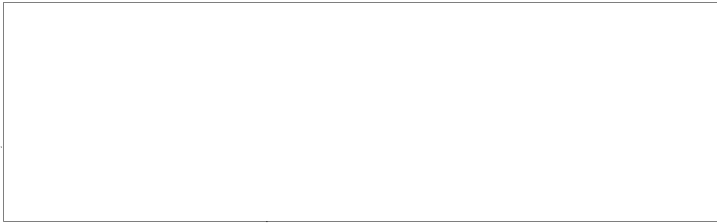
*It is doubtful, however, that either the UAR or the USSR regards this problem as serious enough to justify a repudiation of the cease-fire or a boycott of Jarring's efforts. In the absence of other indications that they are moving in this direction, we see the protest to Beam as probably intended primarily for the record. Further, neither Vinogradov's protest nor the general Soviet posture on the Middle East suggest that a hostile attempt against the U-2 is likely at this stage.*

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WEST GERMANY



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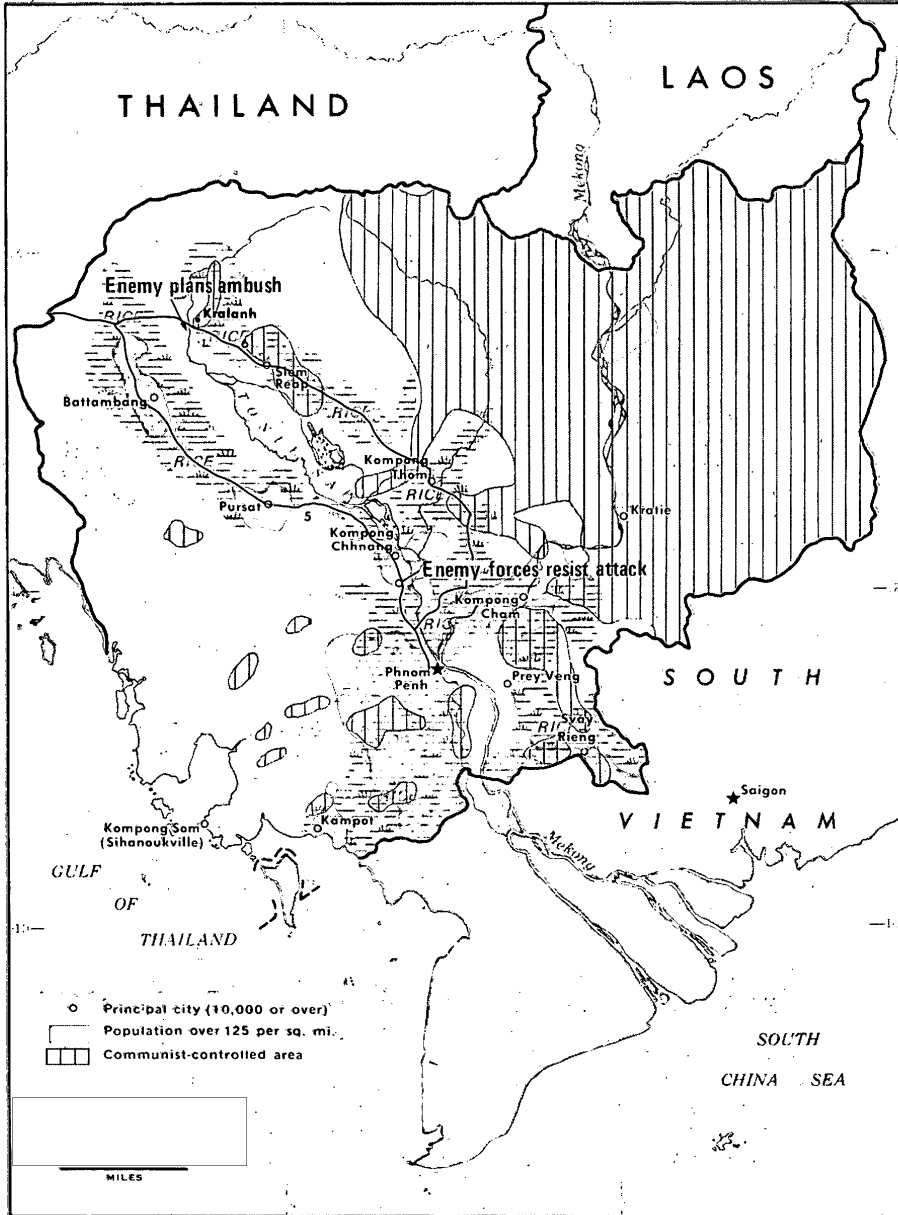


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### CAMBODIA: Current Situation



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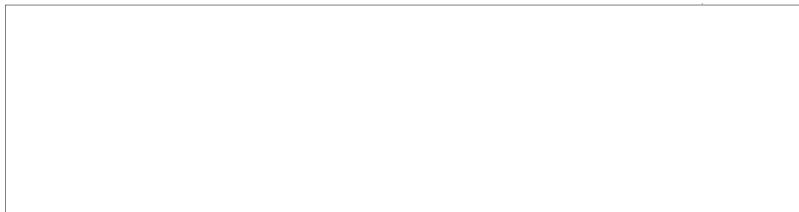
CAMBODIA

In Kompong Chhnang Province, a government battalion is meeting stubborn resistance from an enemy force dug in some 16 miles south of the provincial capital. Air strikes have also had little success in dislodging the Communists from their positions, according to intercepted Cambodian messages.

In northwestern Cambodia, there are enemy plans to ambush government troops conducting a sweep operation near Kralanh, the crossroads town some 30 miles west of Siem Reap city. Intercepts show that elements of the Viet Cong 275B Regiment hope to lure government forces away from Kralanh in order to attack them on a nearby road, probably Route 6 which is under heavy enemy interdiction.

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LIBYA



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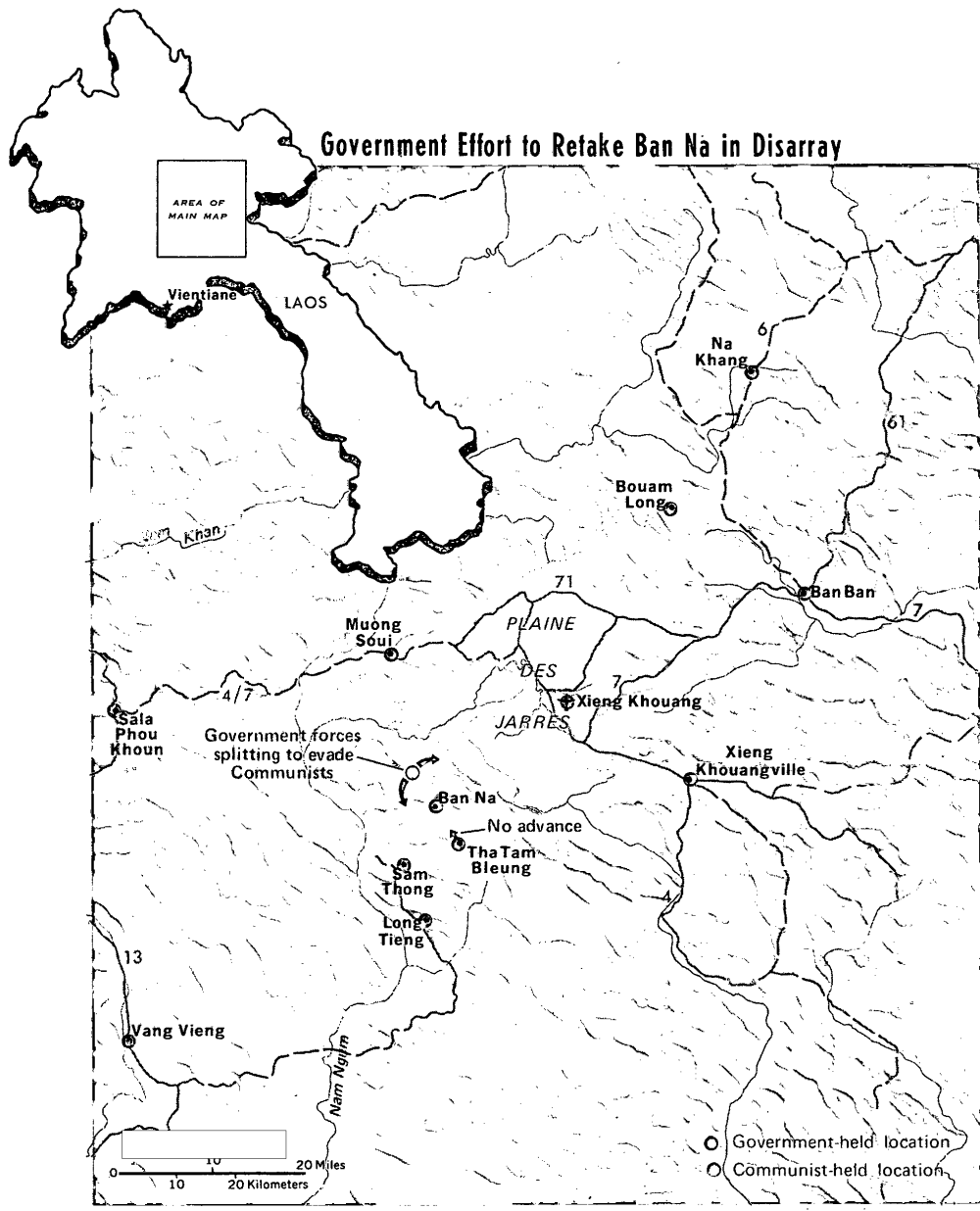
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CORRECTION

In the item on Libya in yesterday's Daily Brief, the first paragraph should read as follows:

"The government has ordered Esso to cut back its oil production next week by 104,000 barrels per day (bpd); only one of the six principal producers now has escaped a cutback. Total reductions amount to about 750,000 bpd, roughly 20 percent of the daily peak production in April of about 3.7 million barrels."

(Yesterday's piece said total production had been cut to 20 percent rather than by 20 percent.)



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## NOTES

Laos: Faced with heavy enemy opposition, the government unit attempting to seize Ban Na has split into two groups. An operation intended to relieve these units by mounting an additional drive on Ban Na from the south has failed to make any headway. Thus the Communists appear so far to have succeeded in turning back the government's latest attempt to establish defensive positions closer to the Plaine des Jarres.

USSR: Soviet party chief Brezhnev gave strong personal endorsement to the Soviet - West German treaty and to the Middle East cease-fire in a speech yesterday in Alma Ata. He called the treaty with Bonn a "serious contribution" toward easing tension in Europe and praised Bonn's "realistic approach" in recognizing the "political realities of present-day Europe." He cautioned, however, that the opportunities created by the treaty can be fully realized only after its ratification. On the Middle East, Brezhnev criticized all those who have resisted the recent "small step toward peace." He called again for total Israeli withdrawal from occupied territories, but balanced this by expressing Soviet support for ensuring the national rights of all states of the area.

USSR-Indonesia: Moscow has agreed to the settlement of Indonesia's \$800-million debt on 30-year terms similar to those accepted by Western creditors. The rescheduling reduces Indonesian debt payments to manageable proportions and will permit Djakarta to move ahead with planning for long-term economic development. Although neither country seems anxious to resume substantial Soviet military and economic aid, there may now be some token Soviet participation in development schemes.

USSR-Peru: Moscow, which canceled the airlift of relief supplies to Peru last week, has asked Iceland for landing rights for one additional flight on Monday. The Soviets, who may have found urgent delivery of certain supplies necessary to maintain their medical aid effort, indicated that other individual flights might also be made. Soviet officials announced earlier that aid not delivered by the 21 flights completed (65 were planned) would be shipped by sea.

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LATIN AMERICA - USSR

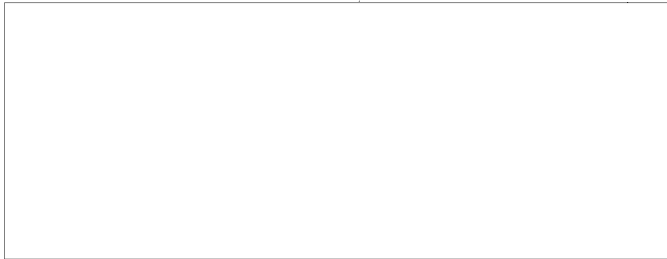
Soviet diplomatic representation in Latin America has grown considerably in the past few years, particularly since early 1969. Thirteen Latin American states, including Cuba, now have diplomatic relations with Moscow or are in the process of formalizing them. This includes every country in South America except Paraguay, and two of the seven Middle American republics--Mexico and Costa Rica.

CIA has recently completed a detailed study of the impact of Soviet representation in Latin America. The salient points of this study are as follows:

--The Soviet presence in Latin America has developed largely at the initiative of the Latin Americans, who are eager to expand their world economic ties and demonstrate their independence of the US.

--Moscow's overriding consideration is to have its presence accepted as "normal" and to avoid an incident that might raise suspicions or result in the expulsion of its diplomats. This low-key, low-risk approach has reassured new host governments who--for the most part--have accepted with equanimity large embassies and trade missions that are out of all proportion to the scope or need of the relationship.

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--Soviet journalists are probably among the most effective Soviet representatives.

their task is less journalism than political appraisal of new opportunities for the government that employs them.

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--The presence of Soviet diplomatic representation has affected Latin American pro-Moscow Communist parties quite differently from country to country. For the most part, the effect is a boost for morale and probably finances, but the assistance tends to be indirect and the amount dependent on the caliber of the local party and its leaders.

--More and more Soviets are visiting Latin America. Many are trade union representatives who provide organizational advice and funding to local Communist parties and labor organizations in various obscure ways.

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--Several countries, some with Soviet prod-  
ding, have decided that diplomatic rela-  
tions would assist economic negotiations.  
The most notable example is the recent pre-  
cipitate decision by President Figueres of  
Costa Rica to establish diplomatic ties  
with the USSR. Nevertheless, trade ex-  
changes remain very small and probably  
will not increase significantly in the  
coming years.

--Total trade between Latin America and  
the USSR in 1969 amounted to less than  
\$130 million, or less than two percent of  
Latin America's total world trade. In al-  
most every case, the USSR had an unfavor-  
able trade balance.

--Many Latin American countries have ex-  
pected large amounts of Soviet economic  
aid for developmental programs, but these  
hopes have not been fulfilled in most  
cases because of a cutback in the world-  
wide Soviet assistance program.

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