



The President's Daily Brief

18 May 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

[Redacted] Soviet [Redacted]
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Gromyko suggested to Ambassador Beam yesterday that Moscow would be receptive to a proposal on Mutual Balanced Force Reductions, but did not expand significantly on Brezhnev's recent remarks. (Page 2)

The latest military developments in southern Laos are reported on Page 3.

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(Page 4)

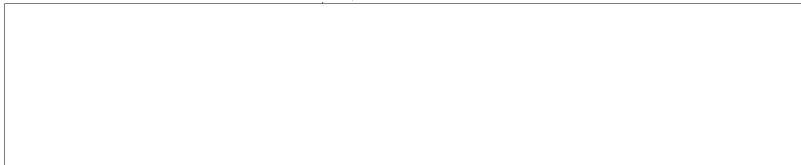
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Recent incidents threaten to end talks between Greek and Turkish elements on Cyprus. (Page 5)

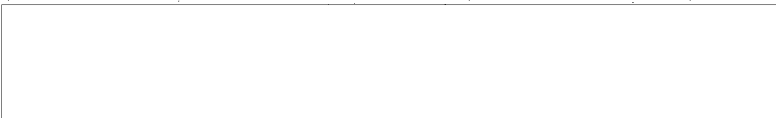
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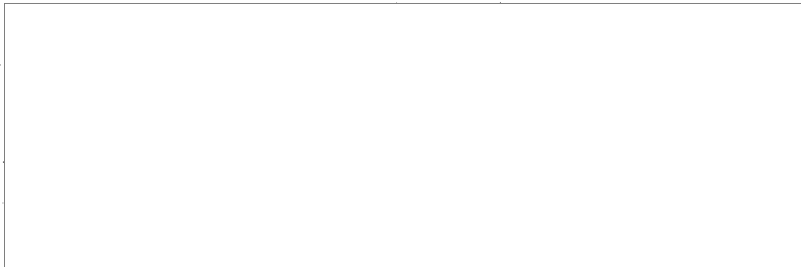
USSR



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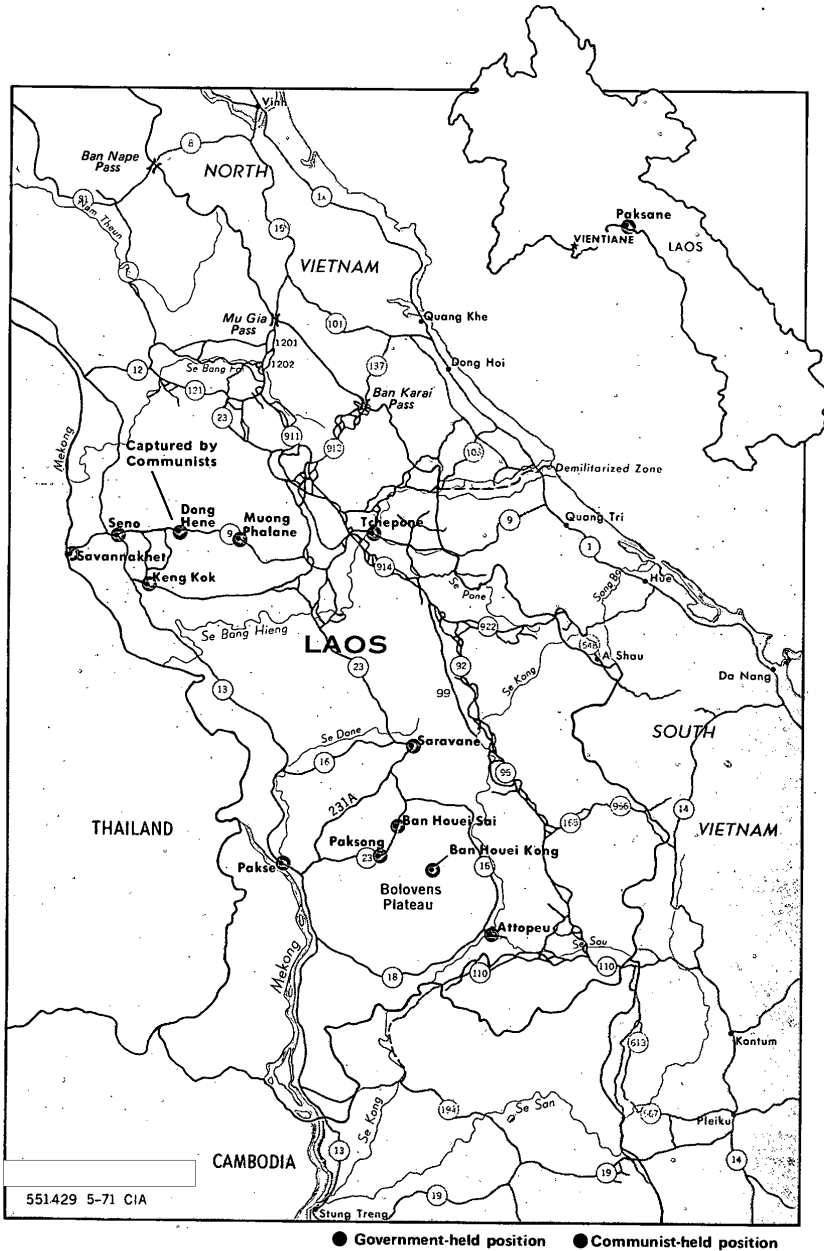
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USSR

In his meeting with Ambassador Beam yesterday, Foreign Minister Gromyko suggested that the Soviets would be receptive to a Western proposal on Mutual Balanced Force Reductions (MBFR), but he did not significantly expand on Brezhnev's recent proposal to "start negotiations." He did confirm that the USSR is now prepared to discuss either foreign or foreign and indigenous forces.

The most interesting nuance was his suggestion that the Soviets now favor negotiations on MBFR independent of a Conference on European Security (CES). The official Pact position has been that MBFR could be considered either in a body to be established by a CES or in any other acceptable forum. He took care to note, however, that Moscow did not accept the NATO concept of "balanced" reductions, which could imply larger reductions in Soviet than in NATO forces.

Gromyko was completely noncommittal in regard to questions of timing, site, and specifics of negotiations, and instead invited further discussion of these questions between Washington and Moscow. His reluctance to spell out the Soviet position at the present time suggests that Moscow intends for the moment to leave the burden of initiative with the West.



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LAGS

The Communists captured Dong Hene in the pan-handle yesterday following a heavy mortar and rocket attack. Evacuating government troops were able to take their artillery with them.

This is the farthest the Communists have penetrated westward along Route 9 in several years. Communist forces in the area--elements of at least three North Vietnamese regiments plus support units--are sufficient to threaten Seno, some 20 miles farther to the west. Communist prisoners and ralliers have said that Seno would be a target if Dong Hene fell. If they follow past practice, the Communists will take some time to consolidate before undertaking such a thrust, however, and it could be several days, or even weeks, before their intentions become clear.

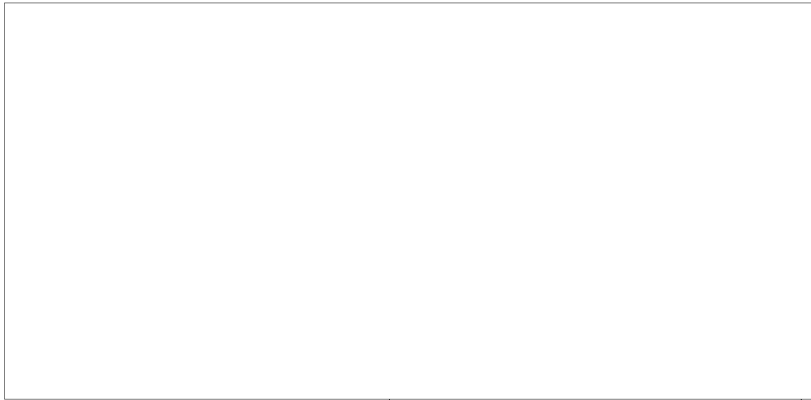
In the Bolovens area, the Communists fired rockets into the now isolated base at Ban Houei Kong, the only important site on the plateau still in government hands. Three North Vietnamese battalions were reported closing in on the base yesterday. The government has moved four battalions of irregulars into the area between Ban Houei Kong and Paksong. Two are to move north to try to retake high ground near Ban Houei Sai and the other two will move toward Paksong.

To the north, sketchy reports indicate that a Pathet Lao sapper battalion hit an ammunition dump in the Mekong River town of Paksane yesterday. Rocket fire also hit the Paksane airfield. Although highly vulnerable to Communist attack, Paksane heretofore has been relatively free from enemy harassment.

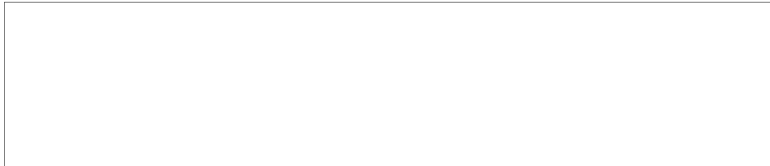
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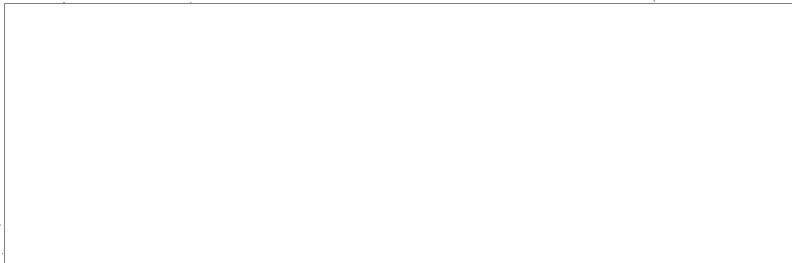
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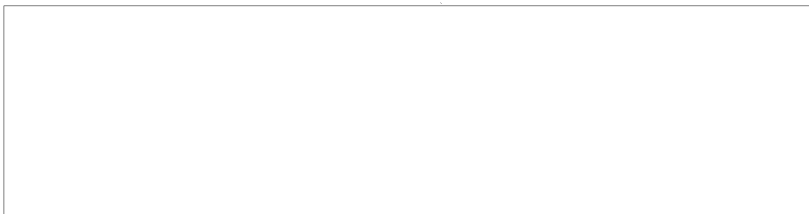
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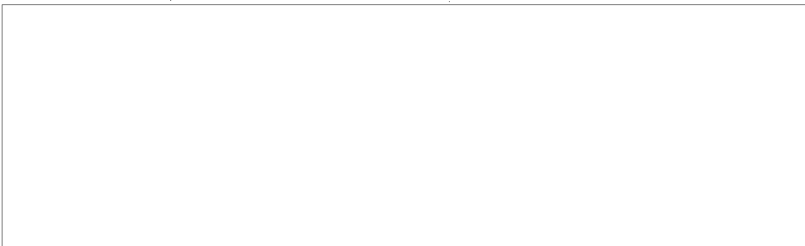


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CYPRUS

Several recent incidents have threatened to end the talks between the Greek and Turkish elements on the island and bring a new outbreak of communal strife. Trouble began when President Makarios made several statements favoring enosis, an issue he had allowed to remain relatively dormant for the past few years. Ankara replied by asserting that the intercommunal talks, now in their third year, were proving fruitless and deserved one "last chance."



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Athens, believing that the Turks will not support the intercommunal talks beyond July, has agreed to resume direct talks with Ankara--presumably in the hope of spinning out negotiations and postponing a crisis. Even if Athens and Ankara could agree on partition as a solution, Makarios believes he can resist any imposed settlement by using Soviet diplomatic support and the aid of other friends in the UN.

FOR THE PRESIDENT ONLY

NOTES

Romania: Reports [redacted] leave little doubt that President Ceausescu intends to tour Peking, Pyongyang, and Hanoi, most likely in June. Despite Moscow's inevitable objections, Ceausescu presumably for some time has been considering a visit to his Chinese benefactors, who only recently granted Romania a sizable long-term loan. In the Romanians' view such a prestigious trip is called for because of the steadily improving political and economic relations with Peking, and would help to balance Ceausescu's private tour of the US last fall.

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Japan: The government has given no indication that it is about to revalue the yen [redacted]

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[redacted] With foreign exchange reserves now up to \$6.5 billion and mounting by about \$50 million a day, the Finance Ministry has sought further to impede the flow of speculative dollars by suspending the acquisition by foreign investors of bonds and debentures not listed on the Tokyo Stock Exchange. It is also requiring foreigners to obtain special permission to buy listed ones.

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