

*The President's Daily Brief*

16 June 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

16 June 1971

**PRINCIPAL DEVELOPMENTS**

The latest military developments in Laos are related on *Page 1*.

[REDACTED]

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Chile's foreign exchange reserves have fallen sharply since Allende entered office. (*Page 3*)

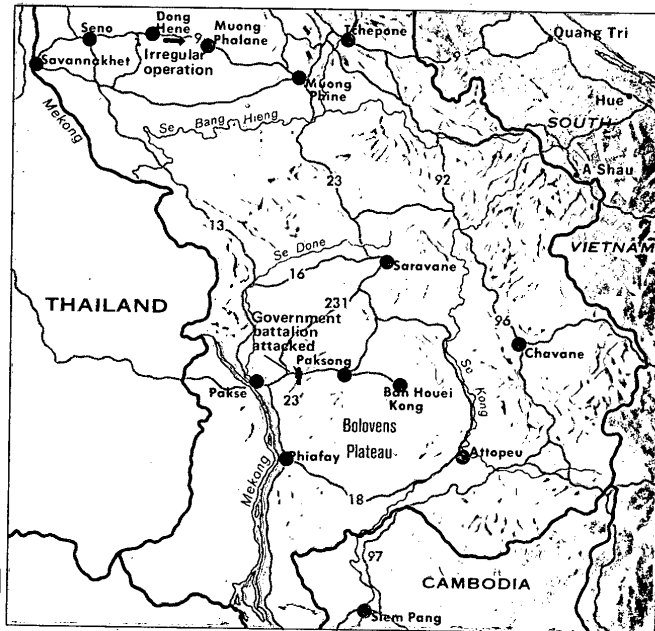
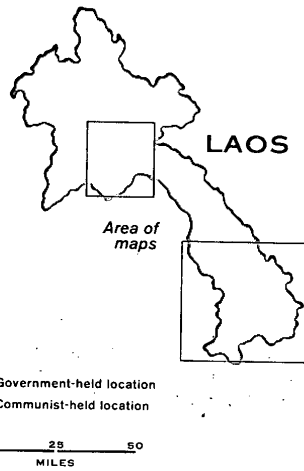
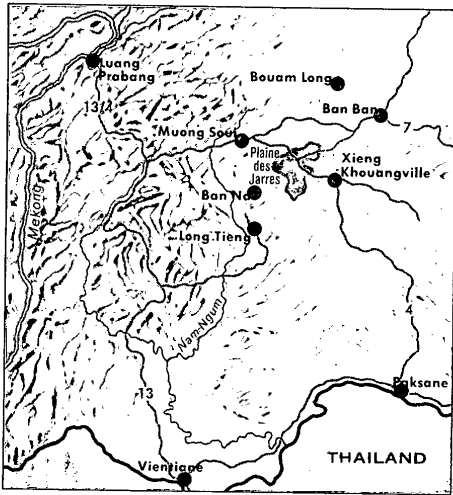
Soviets [REDACTED] (*Page 4*)

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Three Soviet oceanographic ships have been operating in the Gulf of Mexico. (*Page 4*)

The massive flow of dollars into Japan continues. (*Page 4*)

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LAOS

The government estimates that 465 of the nearly 1,600 troops committed to its abortive operation to retake Paksong in the Bolovens Plateau area are still missing as a result of the North Vietnamese counter-attack last week. Government casualties from the action are listed as 26 irregulars killed and some 175 regulars and irregulars wounded. Air and ground observers believe there were as many as 500-600 North Vietnamese casualties--principally from air and artillery attacks--but intercepts from enemy units in the area do not indicate extensive casualties.

A Lao Army battalion operating in the western part of the Plateau, about five miles east of the junction of Routes 23 and 231, was attacked yesterday by a North Vietnamese force of two to three companies. The battalion command post, with air and artillery support, stood its ground, but some outlying positions were lost.

To the north, on Route 9, government irregulars have entered the abandoned town of Dong Hene and have occupied some enemy positions east of the town. The irregular task force plans to move toward Muong Phalane in the next few days.

*The light enemy resistance thus far in this area tends to confirm reports that enemy units have pulled back toward Muong Phalane.*

In northern Laos, action in the past few days has been limited to small-unit clashes and shelling attacks on irregular positions near Bouam Long and around the southern and western edges of the Plaine des Jarres.

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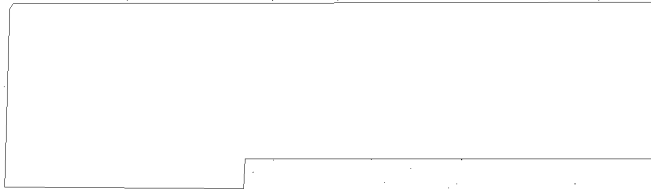
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**SOUTH VIETNAM**



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CHILE

official net reserves have fallen by at least 30 percent since Allende became President last November. Because of falling export earnings and sharply rising imports, the US Embassy predicts a trade deficit of about \$180 million this year. The embassy believes reserves will fall to about \$100 million by the end of 1971 unless copper output dramatically increases or world copper prices jump.

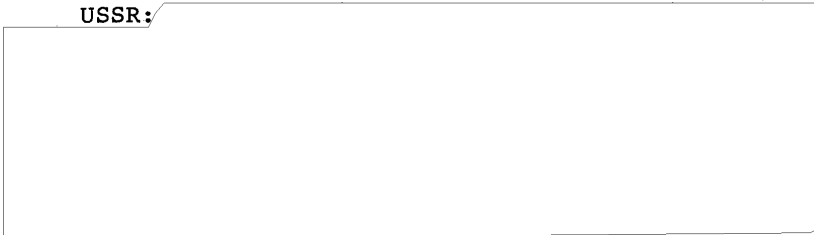
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*Allende could relieve some of this pressure by taking unpopular measures, such as rationing consumer goods, devaluating the currency, or putting less emphasis on income redistribution. Such moves, however, would fall most heavily on groups that constitute the bulk of his political support.*

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NOTES

USSR:



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USSR: Three Soviet oceanographic research ships that were in Cienfuegos last week have been operating in the central Gulf of Mexico and are currently headed toward the Straits of Florida. Basic data on the hydrographic and acoustic properties of these waters are essential for operations of Soviet submarines and ASW ships. Increased Soviet research activity began in the Caribbean a year ago and has continued intermittently since then.

Japan: The continuing massive inflow of dollars is likely to increase pressure for yen revaluation. Japan's foreign exchange reserves now stand at nearly \$8 billion and are third behind those of the US and West Germany compared with a sixth-place ranking last June. Although Tokyo had been able gradually to reduce the dollar inflow through the first week in June, last week's inflow--\$370 million--reached the second highest level since early May.

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