



The President's Daily Brief

17 November 1971

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

In Cambodia, the government has launched several operations to counter the Communist threat in the Phnom Penh area. *(Page 1)*

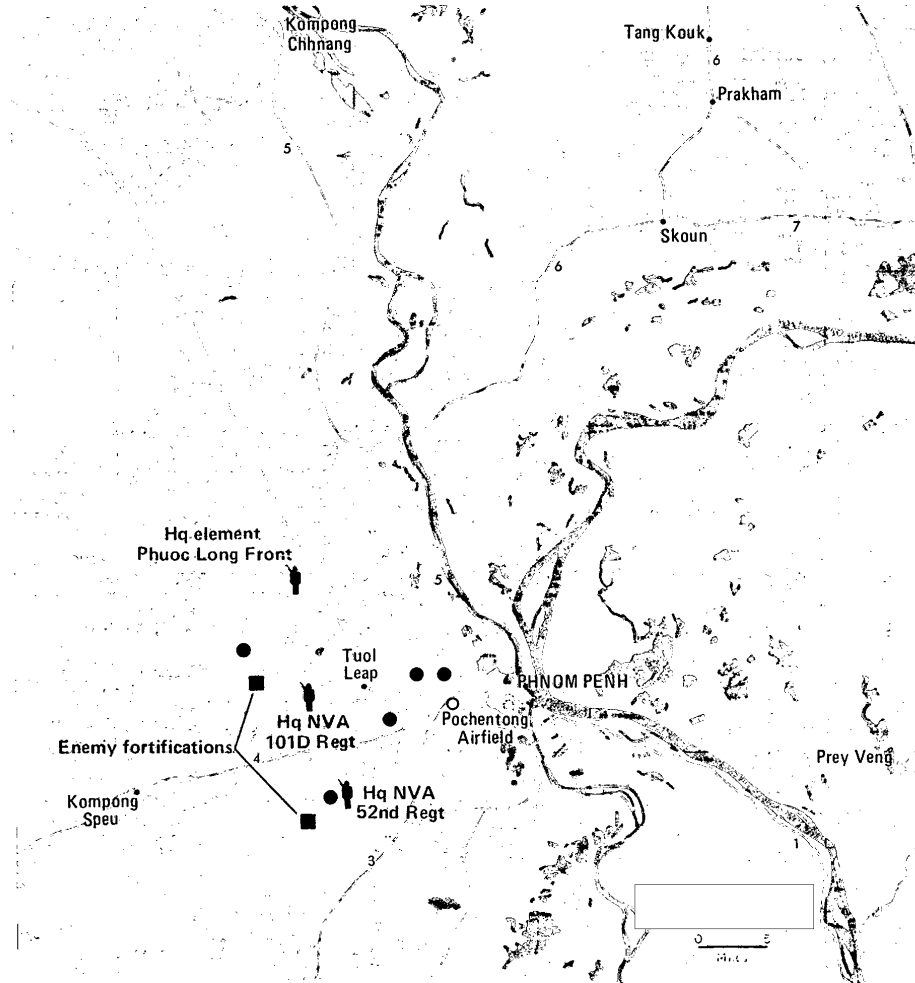
New flooding in North Vietnam is likely to cause further heavy losses in the important November rice crop that was damaged by high waters in August. *(Page 3)*

A number of European leaders are increasingly worried over the deadlocked international monetary situation and warn of strong pressures for retaliation and trouble for NATO's military effort unless a settlement is achieved soon. *(Page 4)*

In Southeast Asia, government moves are having some impact on drug operations in the triborder area of Laos, Burma, and Thailand. *(Page 5)*

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CAMBODIA: Phnom Penh Area



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● Government operations

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CAMBODIA

The government has launched several operations to counter the Communist threat in the Phnom Penh area. Five government battalions from operations southwest of Phnom Penh began a belated move north from Route 4 to aid troops encircled at Tuol Leap. The village was overrun by the Communists, however, before the relief column could reach the stranded defenders. Another multibrigade force is operating about 11 miles north of Kompong Speu town, less than five miles from the last known location of the North Vietnamese 101D Regiment. Closer to Phnom Penh, eight battalions are on a search-and-destroy mission west of the capital, while two other battalions are searching for enemy rocket positions just north of Pochentong Airfield. The airfield, which was closed to commercial air traffic on Monday, has since reopened. The daily rocket and mortar shellings have caused little damage.

Reinforcements have also been brought to Phnom Penh. A Khmer Krom infantry brigade and a squadron of 15 armored personnel carriers from the Chenla II front have been positioned on the city's northern outskirts.

In addition to the Communists' 101D Regiment, elements of the Phuoc Long Front, including its 52nd Regiment, the 96th Viet Cong Artillery Regiment, and a number of Khmer Communist local force units are within 30 miles of Phnom Penh. [REDACTED]

[REDACTED] US air observers report that in some cases they have constructed concealed bunkers and foxholes, indicating an intention to stay in the area.

It is possible that the movement of the Phuoc Long Front elements closer to Phnom Penh--last dry season they operated farther to the southwest--is the beginning of a strategy to counter the government's efforts to extend its control in the countryside by threatening the capital. The Communists might hope to accomplish this by interdicting Routes 4 and 5, both of which are within striking distance of the 52nd and 101D regiments, or by hitting installations close to Phnom Penh.

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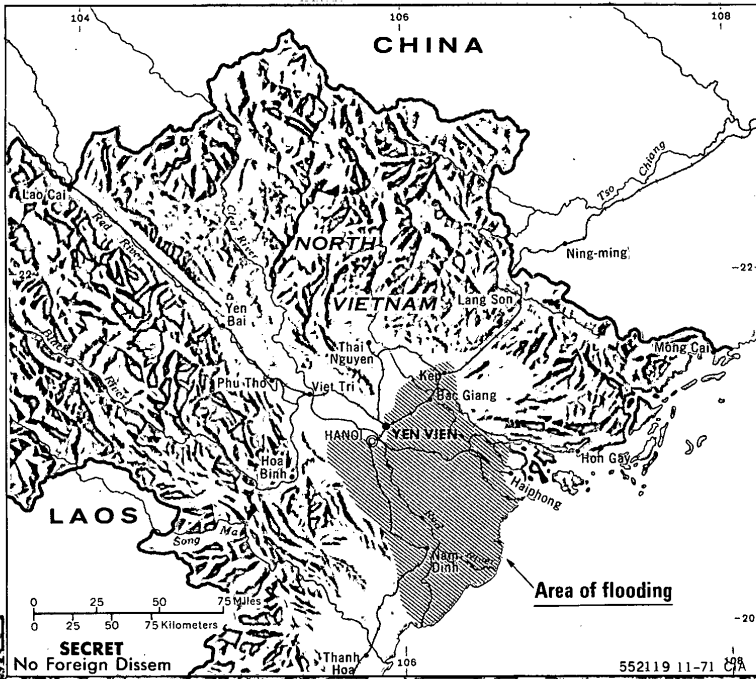
(continued)

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The Communists might have difficulty pursuing such a course over the entire dry season, however, because of problems in supplying forces west of Phnom Penh, the government's numerical superiority, and because the open terrain around Phnom Penh makes them vulnerable to air strikes. In any case, the movement of Communist main force regiments west of Phnom Penh is almost certainly meant to have a psychological impact on the government and the city's residents, as well as to cause a diversion of troops from the Chenla II operation.

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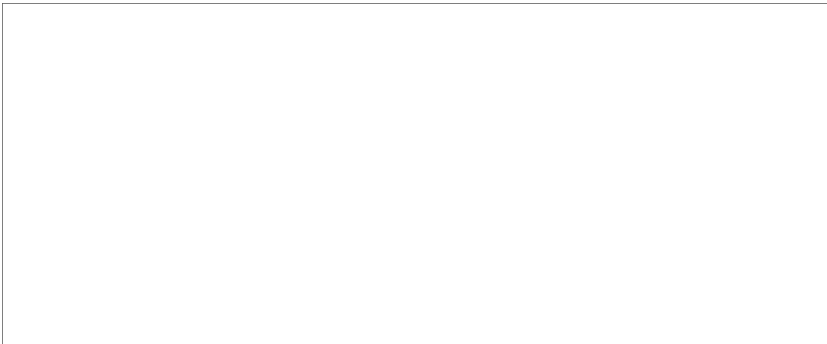
NORTH VIETNAM

Photography of 22 October and 2 November shows that a typhoon has caused new large-scale flooding in the same general areas of the Red River Delta that were inundated by rains last August. Many parts of the area are isolated, although the principal transportation routes appear intact.

The new flooding will further reduce yields and may even cause total crop failures in fields that had survived the August floods. Considerable effort will be needed to restore the irrigation system. Earlier photography had shown extensive breaching of irrigation canals, and a large number of pumping stations appear to have been damaged. Reconstruction of these facilities may take up to a year, in which case the two principal rice crops of 1972 would be affected. The government is viewing the situation with alarm and has called for the planting of fast growing secondary crops to make up some of the shortfall in rice production.

A substantial increase in food imports from both China and the USSR took place in October to help offset the losses from the flooding in August. The loss of even a part of the November harvest and crop shortages in 1972 would require increasingly heavy imports.

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INTERNATIONAL MONETARY DEVELOPMENTS

A number of European leaders are increasingly worried over the deadlocked international monetary situation. They warn that unless economic differences are resolved soon, there will be strong pressures for retaliation and difficulties for NATO's military effort. Their concern appears genuine. At the same time, however, they clearly hope that by conveying these concerns they will induce the US to make concessions, particularly at the Group of Ten meeting later this year.

--In Paris, Ambassador Watson notes the French contention that opinion will turn "decisively" against the US if Washington fails to make clear its terms for settlement. Many officials and businessmen apparently believe the US is blocking a negotiated solution and fear it may already be too late to reach agreement before the issues are politicized in the US and French election campaigns. The ambassador anticipates that France may move to protect its own trade position by means of special export incentives, a more restricted policy toward US imports, or moves against US private investment.

--European central bankers meeting recently in Basel also voiced their alarm over the lack of progress. Each stressed that the international economic uncertainties are damaging their economies, which are already in recession or facing the imminent likelihood of one. These men see the stalemate between the US and France over a US gold price increase as the main impediment to a settlement.

--NATO Secretary General Luns fears that US-European differences will "get out of control" if left unsettled for four or five months. In particular, he is concerned that retaliatory measures and recessionary trends in Europe may lead to a further reduction in defense budgets and erosion of confidence in the Alliance. He hopes for some discussion of monetary problems at the NATO ministerial meeting in early December.

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SOUTHEAST ASIA

The Lao Government has confiscated three tons of acetic anhydride, a key chemical for conversion of morphine base into heroin. This seizure constitutes approximately one fourth of the acetic anhydride reportedly shipped into Laos and Thailand over the past six months.

It usually requires one ton of the chemical to produce one ton of heroin. Shortages of refining chemicals have apparently contributed to a recent slowing down of heroin processing and marketing in the triborder area of Laos, Burma, and Thailand, and to the closing of some small refineries. Larger refineries, however, probably have been less affected because they can store quantities of chemicals in excess of day-to-day needs.

traffickers based in Burma's Shan State, a major opium- and heroin-producing area, have encountered enough pressure from Thai and Laotian officials to consider moving their products through Rangoon rather than the triborder area.

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NOTE

India-Pakistan: The Indian deputy high commissioner in Karachi has booked 72 seats on flights to New Delhi later this week for 30 staff members and their dependents. The Indians have told US officials in Karachi that most of those leaving had earlier received transfer orders, but were unable to depart because of travel restrictions which had been lifted only recently. The Indian explanation is plausible. On the other hand, there is no indication that New Delhi plans to replace the departing personnel

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