

The President's Daily Brief

19 November 1971

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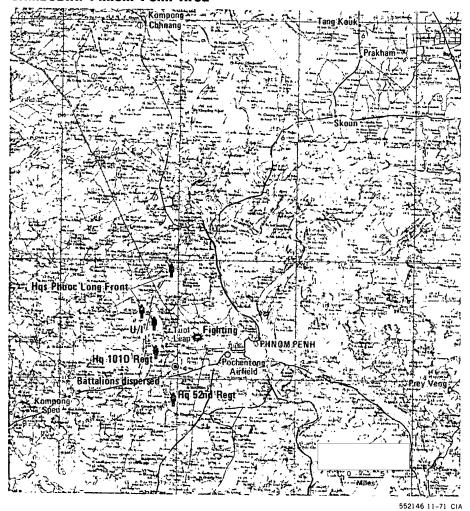
THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

| Phnom Penh has foundered. (Page 1) | |
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| India | 50 X 1 |
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| Chinese (Page 5) | 50X1 |
| Peru plans to ask the OAS to review the Cuban prolem before the end of the year. (Page 6) | ob- |
| Prospects have improved for a settlement of Iran's claim to one of the disputed Persian Gulf islands (Page 7) | |
| Annex South Korea | 50X1 |

CAMBODIA: Phnom Penh Area

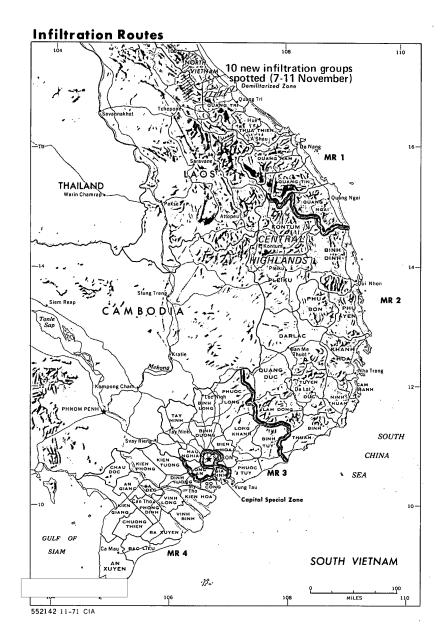


CAMBODIA

In the fighting west of Phnom Penh, a coordinated government drive to retake Tuol Leap village foundered yesterday when two battalions under the command of Lon Non, Prime Minister Lon Nol's brother, disregarded operational plans and were dispersed by the Communists. The orders have now been changed to call for the encirclement of Tuol Leap by all seven battalions of the government task force, which will then try to clear the area between Tuol Leap and Route 4.

In addition to two previously reported Vietnamese Communist regiments of the Phuoc Long Front, the Communists apparently have moved other troops into the area. These include a possible third regimental-level unit from the Front and another command element. Both have been detected west of Tuol Leap.

| work the | ing cl curren | Cambodian Communist troops are osely with the Vietnamese Communists in action around Phnom Penh. | 550X1 50X1 50X1 50X1 |
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disclosed the presence of ten new infiltration groups. The strength of only one group was revealed--slightly over 500 men.

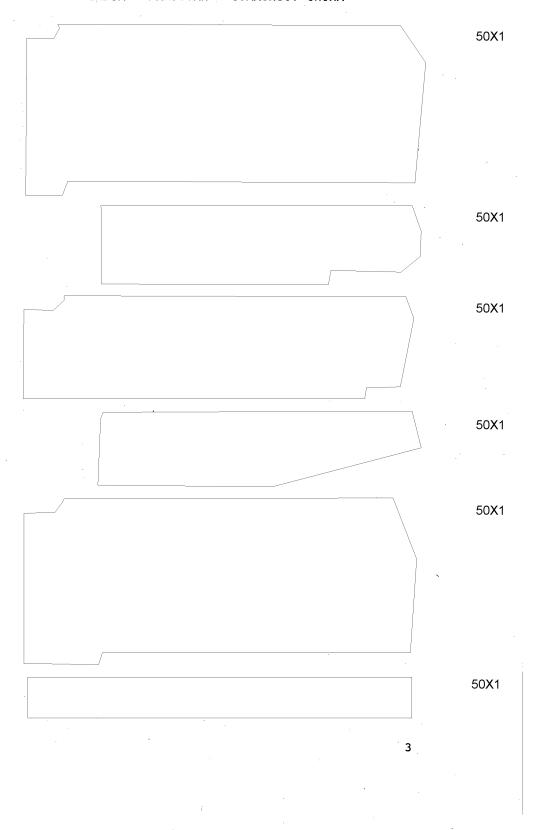
In the past, the groups moving through the system have averaged about 570 men each. If the remaining nine groups are this size, the ten new groups together would total about 5,600 personnel.

All ten are going to South Vietnam or Cambodia, and the bulk--seven groups, or perhaps 3,900 men-- are en route to the central highlands of South Vietnam. Approximately 1,100 troops are destined for the southern parts of South Vietnam or Cambodia, and about 600 men are going to an area just south of the Demilitarized Zone.

The number of enemy personnel now in the pipeline bound for South Vietnam or Cambodia may be even greater than has been reflected in communications. Analysis of the identification numbers of the new groups suggests that eight additional groups, possibly totaling up to 4,600 troops, have started south but have not been detected. If so, as many as 19,500 personnel may have started out from North Vietnam since the current flow began in early October.

Intercepted communications this year have so far provided less continuity on the movement of personnel through the system than previously, and it is possible that the flow is greater than we have been able to detect. It is too early to make comparisons with the infiltration flow of previous years.

INDIA - PAKISTAN - COMMUNIST CHINA



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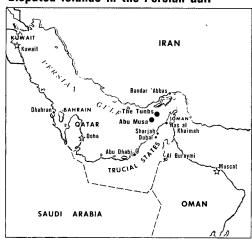
| | COMMUNIST CHINA | |
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PERU-CUBA

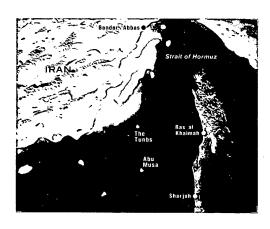
The Velasco government is still toying with the idea of leading a hemispheric effort to bring Cuba back into normal communion with other Latin American states.

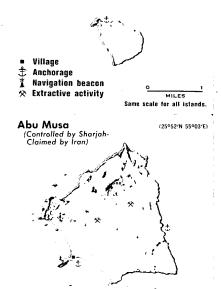
Foreign Minister Mercado told Ambassador Belcher yesterday that Peru would take the initiative in the OAS before the end of the year to have the Cuban problem reviewed. The subject of resuming diplomatic relations with Cuba is also under consideration but is a subject of sharp controversy among cabinet members. Mercado insisted that Lima would take no unilateral action pending OAS consideration, but he had previously indicated that if the OAS fails to respond, Peru would then feel free to act on its own.

Disputed Islands in the Persian Gulf









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IRAN - PERSIAN GULF

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the Shah is taking a less rigid attitude toward the disputed Persian Gulf island of Abu Musa

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The Shah told US Charge Douglas this week that because of Iran's military power "it could afford to be generous and flexible." The Sheikh who claims the Tunbs, the two other islands in dispute, still refuses to consider any such transfer, however.

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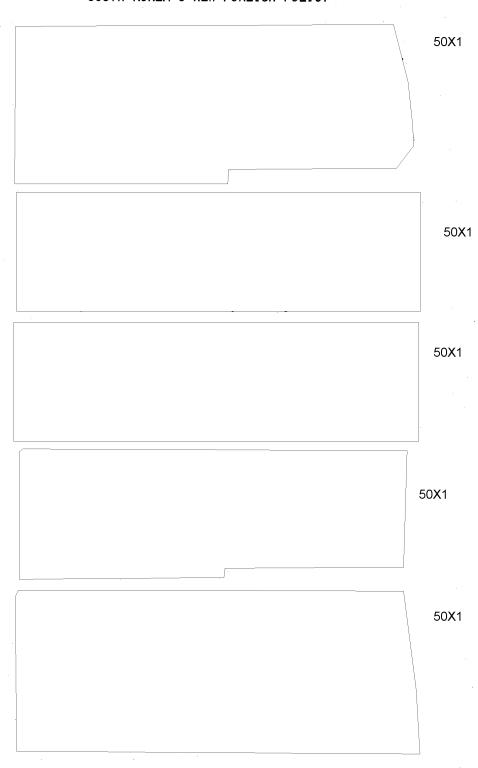
Tehran activated its long-standing claim to the tiny islands when Britain announced plans to withdraw its military forces from the area by the end of 1971. The Shah asserted that they were vital to protect Iran in the Gulf and publicly stated that Iran would seize them. The British, anxious to retain some influence on the Arab side of the Gulf as well as in Iran, have sought to make Iranian occupation palatable to the sheiks primarily by persuading Iran to promise them a share in any future wealth produced by the islands.

The Iranians are now assembling a military force nearby and we expect that when they land on Abu Musa under the prospective agreement they will also occupy the Tunbs. Iraq and some other Arab states will certainly protest such action, but do not appear to be planning any countermoves.

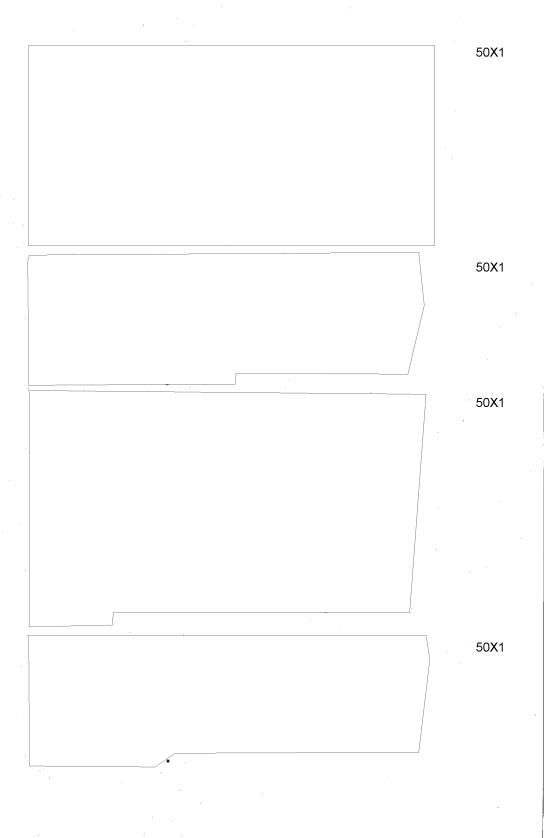
NOTES

Thailand: The new military government has named members of a Revolutionary Party "headquarters" which will oversee the workings of the government, with General Praphat designated as Marshal Thanom's deputy. Other members named to the "headquarters" also were leaders in the old government, but Foreign Minister Thanat is not included. Thanat has spoken about retirement for several years and could be bowing out on his own accord, although some military leaders have not liked his advocacy of better relations with Communist China.

Japan-US: The Japanese trade surplus with the United States continued to rise sharply during October, reaching \$227 million. As compared to October 1970, exports to the US rose by 28 percent, led by a 165-percent increase in automobile shipments. Clearly the US surcharge and appreciation of the yen have not yet affected US-Japanese trade. Japanese imports from the US fell by 15 percent, reflecting the continued economic slowdown in Japan. Based on data for the first ten months, we believe that Japan's favorable trade balance vis-a-vis the US this year will be about three billion dollars, or around twice that of 1970.



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