



The President's Daily Brief

21 June 1972

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

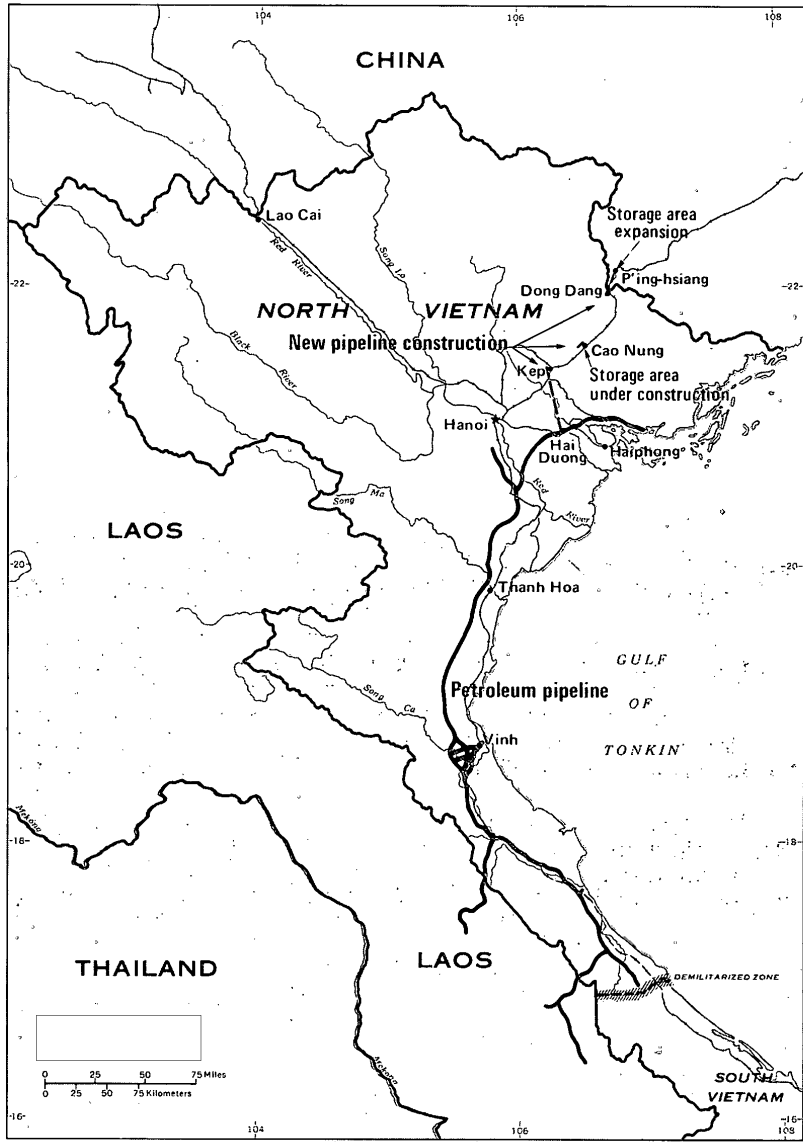
In South Vietnam, the Communists have stepped up the tempo of their shellings along the My Chanh River. Construction is proceeding rapidly on the petroleum pipeline from China into North Vietnam. *(Page 1)*

In the race to succeed Japanese Prime Minister Sato, party chairman Nakasone has withdrawn and thrown his support to Trade Minister Tanaka. *(Page 2)*

The Scandinavian countries seem to be closer to recognition of East Germany. *(Page 3)*

OPEC has made some progress toward getting talks started on compensation for the assets of the nationalized Iraq Petroleum Company. *(Page 4)*

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VIETNAM

The Communists yesterday stepped up the tempo of their shellings against the government's My Chanh River defenses between Quang Tri and Thua Thien provinces. They are continuing to shift troops and equipment toward Hue. Heavy fighting persists south of An Loc and the transfer of the South Vietnamese 1st Airborne Brigade out of the town has been postponed a day. Heavy fighting also continues in several parts of the Mekong Delta, notably in Dinh Tuong and Kien Giang provinces.

* * *

Aerial photography [] showed that construction was proceeding rapidly on the petroleum pipeline from Ping-hsiang in China into North Vietnam. The pipeline then extended across the border to Dong Dang. A short segment was also visible at Cao Nung, about 35 miles south of Dong Dang. The capacity of the petroleum storage area at Ping-hsiang continues to be expanded. Photography also shows that dispersed storage tanks are being built at Cao Nung.

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JAPAN

Yasuhiro Nakasone, chairman of the governing party's executive board, has withdrawn from the race to succeed Prime Minister Sato and has thrown his support to Trade Minister Tanaka.

This puts Tanaka clearly ahead in the contest for party leadership that is to culminate in the Liberal Democratic Party convention scheduled for 5 July. Tanaka's principal rival, Foreign Minister Fukuda, is now forced to intensify his efforts to win over the still-uncommitted factions and to forestall a bandwagon rush to Tanaka.

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SCANDINAVIA - EAST GERMANY

The Scandinavian countries seem to be closer to recognition of East Germany. They have all accepted the principle, but thus far put off the action in deference to Bonn. Pressures are building up, however. The Socialist governments all depend on leftist elements among whom East German recognition is a popular issue, and some governments also hope to earn credit with Moscow or to gain trade advantages. If one Nordic state recognizes Pankow, the others will find it very difficult not to follow suit.

Recent developments include:

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--On 1 June, the Danish parliament defeated a resolution demanding immediate recognition but adopted a motion calling for improved relations with Pankow aimed at eventual recognition.

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--In April, Norwegian Foreign Minister Cappelen told the Storting that his government would wait until Bonn had settled the question of the Eastern treaties, but apart from the timing saw "no disagreement" between Oslo's position and that of the other Scandinavian governments.

--On 9 June, the Finnish Government, which recognizes neither Germany, reiterated its desire to recognize both

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The West Germans naturally prefer that these countries hold off any action until Bonn and Pankow have worked out their own arrangements on regularizing relations. Although Bonn may be able to persuade the Nordic states to continue to defer action, the recent developments serve to put pressure on the West Germans to conclude arrangements with the East Germans as soon as possible.

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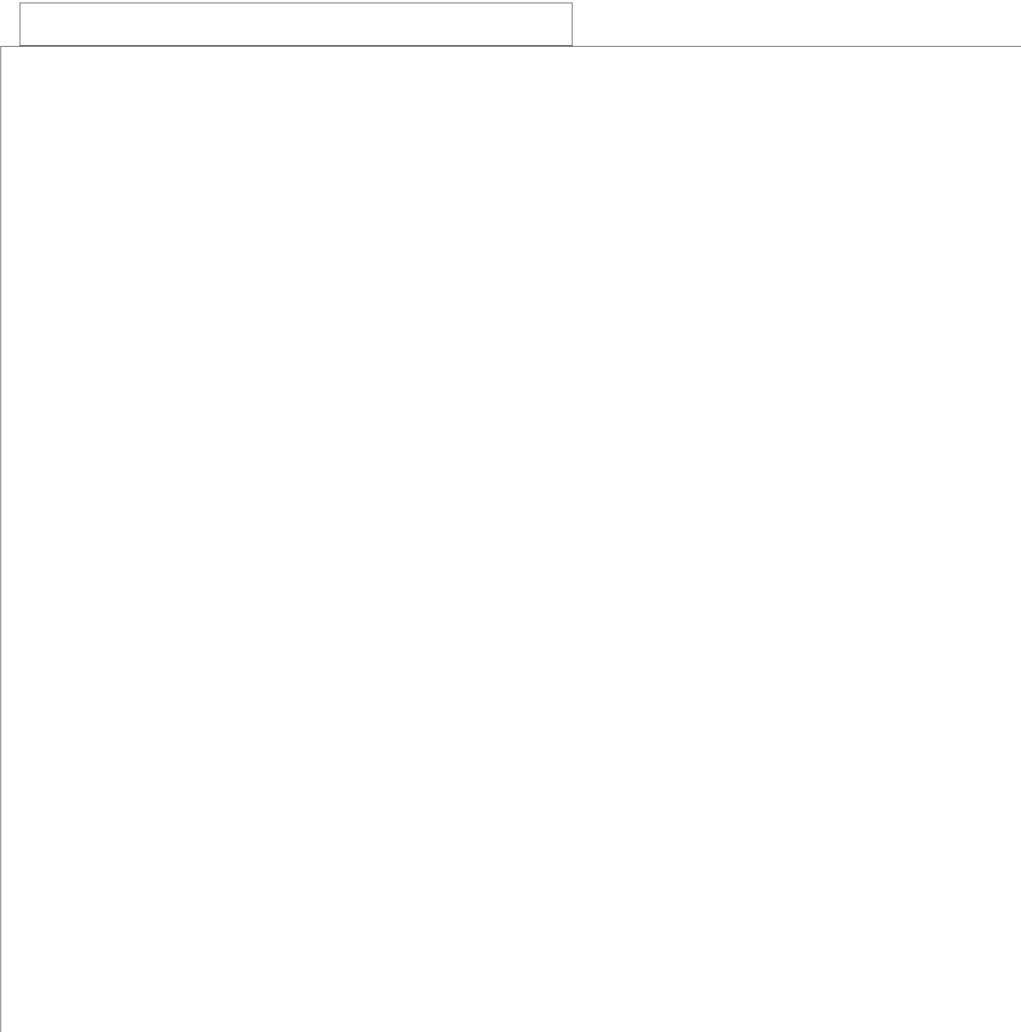
IRAQ

The Organization of Petroleum Exporting Countries has made some progress toward getting talks started on compensation for the assets of the Iraq Petroleum Company which were nationalized early this month. The OPEC secretary-general has proposed a 90-day moratorium on legal action against any purchasers of oil produced after nationalization. He has also proposed continuation of tax payments to the Iraqi Government on oil produced before nationalization. The companies that shared ownership in the nationalized consortium are inclined to accept the proposals, thus opening the way for negotiations.

The Iraqis have tried to split the French company from its partners in the consortium. The French-Iraqi agreement, announced last weekend, commits Iraq to supply the French company with a share of the production from the nationalized fields for ten years. The agreement has not resulted in a complete break in the consortium, but it may lead the French company to be more forthcoming than its partners in the coming talks with the Iraqis.

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China:

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