

The President's Daily Brief

24 June 1972

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THE PRESIDENT'S DAILY BRIEF

24 June 1972

PRINCIPAL DEVELOPMENTS

The situation in South Vietnam's Military Region 1 is discussed on Page 1.

The implications of Britain's decision to allow sterling to float will be discussed at several international meetings this weekend. (Page 2)

The Chinese [redacted] Europe [redacted] (Page 3)

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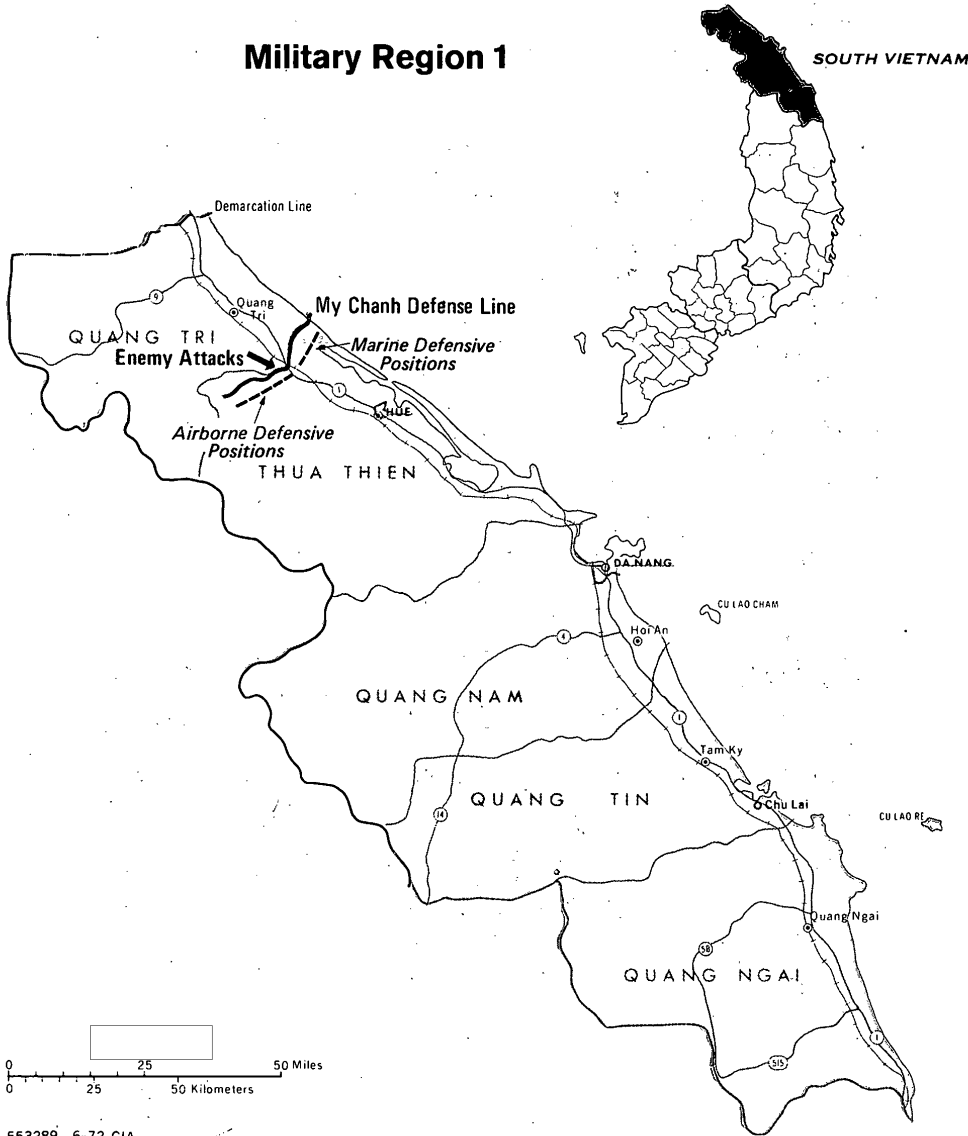
[redacted] Panama [redacted] (Page 4)

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The Soviet First Deputy Minister of Foreign Trade is to make an unexpected trip to the US to discuss trade matters. (Page 5)

Military Region 1

SOUTH VIETNAM



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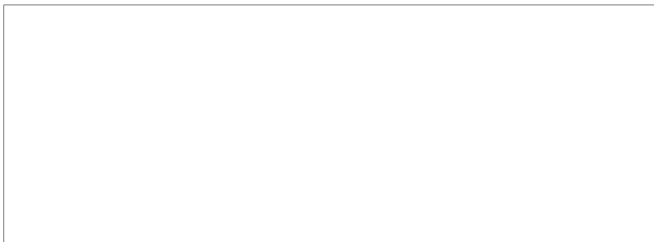
VIETNAM

The Communists are continuing to probe and shell South Vietnamese positions along the My Chanh River north of Hue, but they have so far been unable to breach the government's defense line. South Vietnamese airborne units responsible for the defensive positions along the My Chanh west of Route 1 are taking the brunt of the current North Vietnamese campaign, but so far are holding their own with the help of heavy allied air strikes.

The current enemy effort appears designed as a test of the government's defenses or as a spoiling operation to keep the South Vietnamese on the defensive, rather than as an all-out drive. Similar Communist attacks were made against marine-manned positions in the eastern sector of the line in May, but apparently were called off after it became clear that the lack of a natural barrier to enemy armor thrusts was more than offset by allied naval gunfire support. In the current campaign, the Communists have not committed all of the infantry units available to them in the area west of Route 1. Intercepts and prisoners indicate that only two of some seven regiments in the area have been directly engaged in the fighting.

It seems, therefore, that the North Vietnamese are still "preparing the battlefield" for an attempt to "liberate" Hue and the rest of Thua Thien Province. They appear to have set the stage so that, should armored elements break through government defenses, their infantry units could quickly pour through the gap--the tactics they used in overrunning Quang Tri Province. Intercepts [redacted] indicate that additional enemy tanks, artillery, ammunition, and supplies continue to be moved into position both north and west of Hue. Various Communist artillery and infantry units are maintaining unusually frequent contact with each other and are closely monitoring South Vietnamese activities.

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UNITED KINGDOM

The British decision to allow sterling to float poses a challenge to the Smithsonian Agreement by reducing the size of the internationally agreed US dollar devaluation. In just a few hours following Britain's announcement, heavy speculation against the dollar required about \$2 billion of European support operations and forced all major European markets to close before noon.

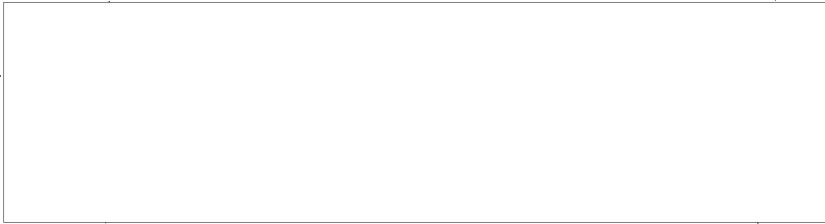
European officials generally have expressed approval of the sterling float. Several international meetings are scheduled this weekend to consider the implications for the US dollar and for the European Community's narrow exchange rate band. Tighter European controls over capital movements and the collective floating of Community currencies against the dollar are among possible courses of action.

Sterling depreciation will improve Britain's competitive position in international markets and ease the burden of foreign exchange costs associated with entry into the European Community.

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CHINA - WESTERN EUROPE

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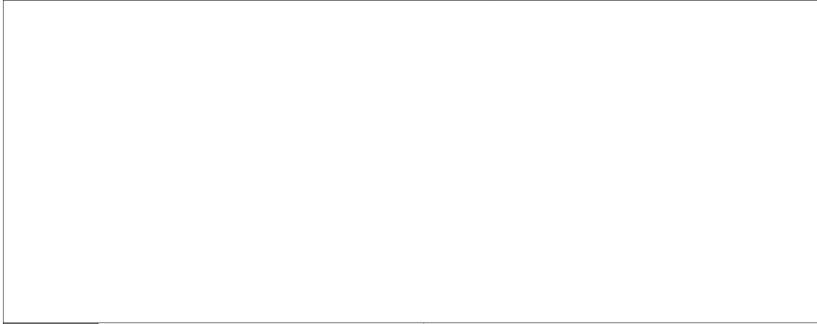


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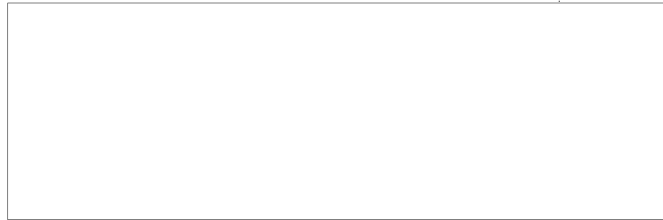
PANAMA



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NOTES

USSR: Soviet First Deputy Minister of Foreign Trade Kuzmin will leave for the US tomorrow to "continue talks begun at the summit on a broad range of trade matters." The trip, which is both unexpected and so far unpublicized, may be prompted by Moscow's desire to put forward a new proposal on settling its lend-lease debt, a major stumbling block in expanding economic relations. Kuzmin may hope to resolve this problem before a US team leaves for Moscow in mid-July for the first session of the Soviet-US committee on trade and economic matters.

UK-MBFR: In a paper recently submitted to NATO, the British emphasized the dangers of mutual and balanced force reductions and noted that negotiations on MBFR should come only after thorough exploration. The British agreed with the nearly unanimous sentiment in NATO that MBFR is too complicated to be negotiated at a Conference on Security and Cooperation in Europe. They proposed that the conference create a special "security commission" to consider MBFR, a proposal similar to one already put forward by Moscow. The British apparently favor this approach at least in part because it would delay the opening of any talks on MBFR.

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