

The President's Daily Brief

16 February 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

16 February 1973

PRINCIPAL DEVELOPMENTS

We report on the international monetary situation on Page 1.

The Soviets are beginning to share some of their views concerning the International Conference on Vietnam. (Page 2)

The Communists may control more of the countryside than the South Vietnamese Government is admitting. (Page 3)

A political agreement between the government and Pathet Lao is shaping up in Vientiane. (Page 4)

A new policy of "national reconciliation" is being spoken of by Cambodian First Minister Hak. (Page 5)

Japan [redacted]

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[redacted]

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The European Communities are girding for friction and strain with the US on economic matters, but not on fundamental political interests. (Page 8)

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INTERNATIONAL MONETARY DEVELOPMENTS

The yen remained effectively revalued by about 16 percent today after floating sharply upward yesterday. Only small interventions were required by the central bank.

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The dollar continues firm in Europe as of the market opening today. Yesterday, despite an early decline, the dollar closed with slight gains against the mark, the commercial lira, the pound, and the French commercial franc. The floating Swiss franc, however, continued to appreciate against the dollar. The price of gold in London continued to rise yesterday and reached a record \$73.65 an ounce.

The EC finance ministers met in a restricted council session Wednesday to discuss the international monetary situation. In a press release, the ministers expressed support for the dollar devaluation and the yen float. They also reaffirmed the Council's determination to step up work toward EC economic and monetary union.

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USSR - VIETNAM CONFERENCE

On Wednesday, a Soviet diplomat in London called on US Embassy officials to probe US and UK views on the International Conference on Vietnam. The Soviet diplomat wanted to discuss how the conference should be organized, its functions and purpose, and how to provide for continuing international supervision of the peace. He said that the Soviets shared the UK's frustration and unhappiness with their experience as co-chairmen of peace supervising organizations and did not think that it would be any better to have a single participant or combination of conference participants act as a point of appeal for the ICCS. He wondered what the US thought of the idea of giving the conference chairmanship and subsequent supervisory role to the UN Secretary-General acting in his personal capacity.

The Soviet diplomat's positive remarks on a significant role for Waldheim at the conference and after it are a change from views expressed earlier by another Soviet official. The Embassy in London points out, however, that the Soviet bills himself as an expert on Southeast Asia and notes that when Soviet Embassy officials take the trouble to call at the US Embassy, they are usually well-informed.

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SOUTH VIETNAM

During the past week, [redacted]

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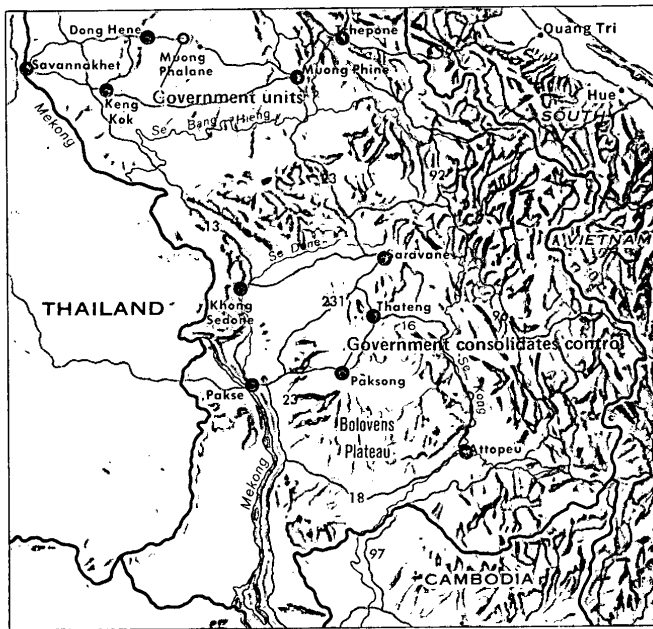
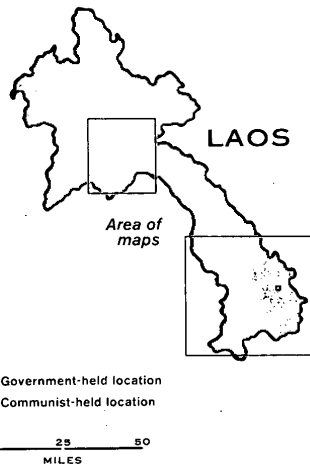
Communist holdings in the countryside are more extensive in certain areas than is admitted in official South Vietnamese appraisals. In the delta, for example, [redacted]

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[redacted] the Communists now hold 46 hamlets, but the province chief officially claims that no hamlets are under Communist control. In another delta province, Chuong Thien, the government's local security evaluation shows that only 13 hamlets are held by the Viet Cong. American officials in the province report that the Communists control 53 of Chuong Thien's hamlets.

Reports from Military Region 2 also show discrepancies. National police figures for Phu Yen Province list only 24 hamlets as contested or under enemy control. US officials in the province, however, report that the Communists now hold 27 and have enough presence in 27 more to threaten government control.

General Lu Mong Lan, Inspector General of South Vietnam's Joint General Staff, told an American official recently that he is aware province chiefs have not fully reported the extent of Communist presence in local areas. Moreover, he claimed that some hamlet chiefs, contrary to official instructions, have allowed unarmed Communist cadre to enter certain localities, ostensibly to live peacefully in the hamlets and befriend the local residents.



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LAOS

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Souvanna's willingness to accept such an arrangement is making rightist elements in Vientiane, who object to an equal sharing of power with the Communists, very unhappy.

Their opposition is no doubt fed by the fear that Souvanna, who would in effect occupy a tie-breaking position in such a new government, might become less dependent on rightist support and less responsive to their interests.

Despite Souvanna's agreement with the Communists on the shape of a future government, yesterday's private negotiating session proved that other issues, such as the date of troop withdrawals and references to US bombing, remain in dispute.

* * *

In the past few days, neither side has been able to gain much additional territory before a cease-fire. Irregular units, with the aid of air support, are gradually taking control over hills around Paksong on the Bolovens Plateau. In the central panhandle, other government units have held their ground just west of Muong Phalane while intensive US air strikes are hitting enemy units near the town.

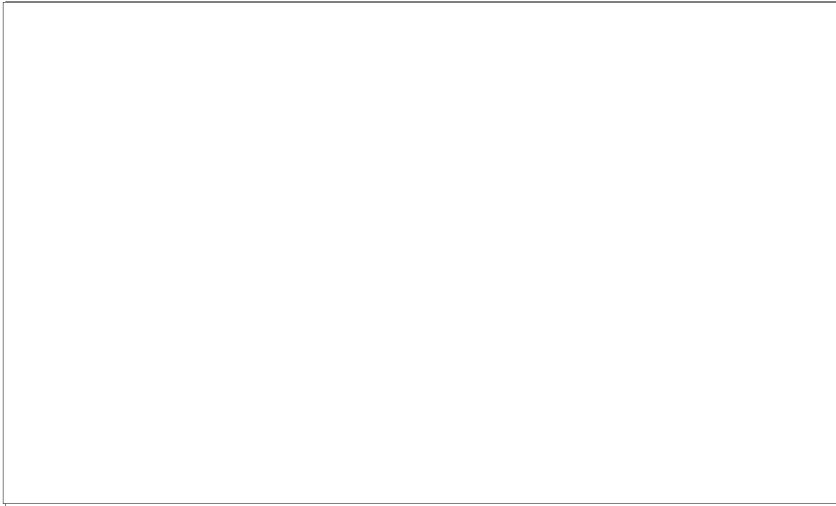
There has been little change in the situation in the north. The Communists are putting up a dogged defense at Muong Soui, northwest of the Plaine des Jarres, and have kept Vang Pao's troops off the Plaine itself.

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CAMBODIA

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Hak did not specify when elections would be held, but Information Minister Keth Reth told the press on 15 February that the government would not attempt to open negotiations with the insurgents until after the International Conference on Vietnam convenes in Paris on 26 February. Although the insurgents have steadfastly opposed any political compromise with the Lon Nol government, the anti-Sihanouk faction within the insurgent movement may be tantalized by the possibility of a political solution that could include them but exclude Sihanouk.

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JAPAN

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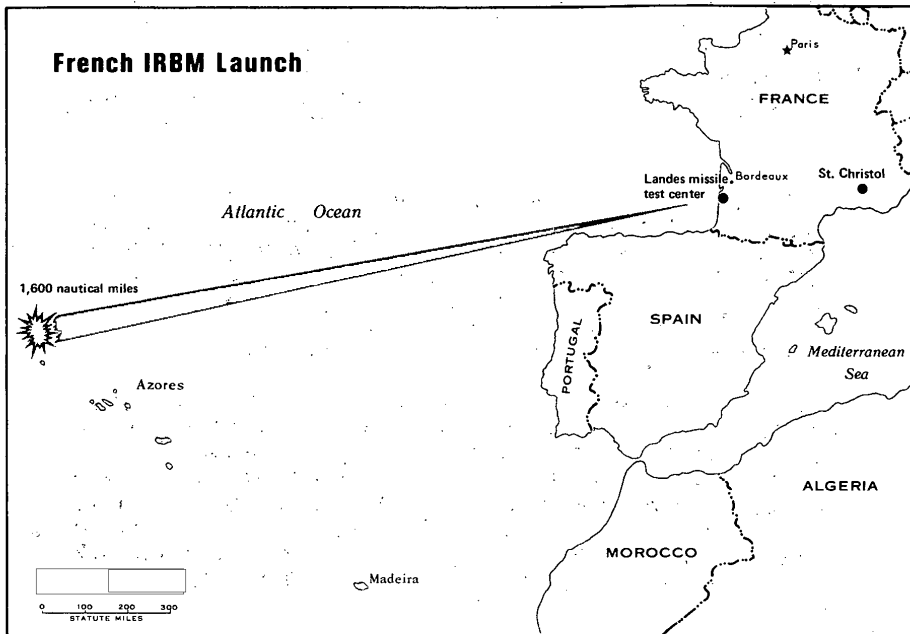
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EUROPEAN COMMUNITIES - US

A report presented to the European Parliament earlier this week by EC Commission President Ortoli minces no words in cataloguing EC complaints about policies growing out of protectionist pressures in the US. He cited limitations on Community steel exports, US government procurement and tax practices, and anti-dumping duties. The report noted the "growing insistence and vigor" of US "reproaches, interventions, and protests" of Community policies such as the common agricultural policy and EC arrangements in the Mediterranean.

The Commission foresees, moreover, that "points of friction and strain" are likely to increase as the Community grows, in part because the US will dissociate its political support for European union from an "unbending defense" of its economic interests. The report also warns the Community itself against "absurd" recriminations with the US on specific points that have no relation to the essential and fundamental common interests.

The report's frank comments are evidence of the new assertiveness of the Brussels executive and of the stronger leadership role it hopes to assume in the enlarged Community. It also shows the Commission's intention to be the watchdog of what it views as the neglected political fundamentals of the Atlantic relations.



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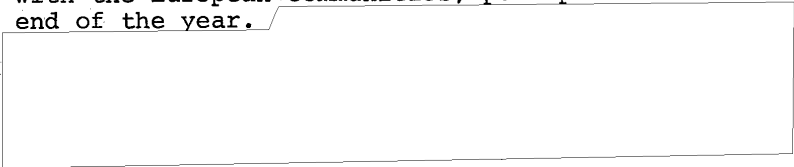
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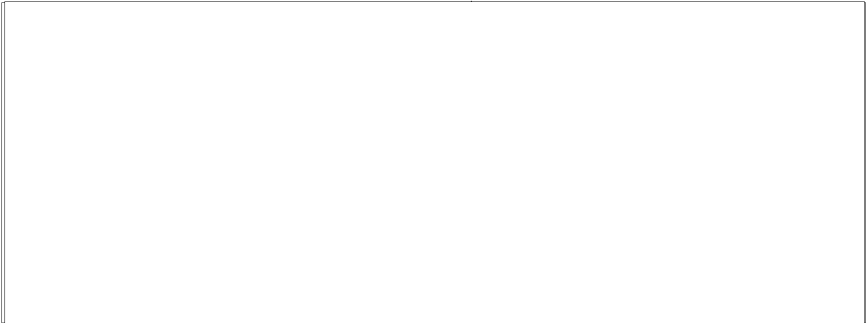
Southeast Asia: The foreign ministers of the Association of Southeast Asian Nations--Indonesia, Malaysia, Singapore, Thailand, and the Philippines--have decided not to rush into a regional conference on postwar developments in Southeast Asia. A joint communiqué issued at the end of yesterday's ministerial meeting in Kuala Lumpur for the first time publicly expressed the desire to expand ASEAN into a regional forum that would include Burma and the states of Indochina, but acknowledged that efforts in this direction would have to be postponed until "an appropriate time in the future." The communiqué appears to reflect a consensus within ASEAN that any broad regional meeting could not be productive until the political and military situation in Indochina is clarified.

Finland-USSR: The Soviets have convinced the Finns to postpone signing a free-trade agreement with the European Communities, perhaps until the end of the year.



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MALTA: Prime Minister Mintoff has told the British that he is now willing to accept the first-quarter payment of 3.5 million pounds, but that he wants negotiations looking to a permanent settlement to continue.



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