



The President's Daily Brief

23 June 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

23 June 1973

PRINCIPAL DEVELOPMENTS

COSVN guidelines on the "new" cease-fire, disseminated in South Vietnam in mid-June, maintain the Communists' emphasis on political struggle. (Page 1)

The dollar weakened in major European centers yesterday and fell to record lows in Frankfurt, Amsterdam, and Copenhagen. (Page 2)

The EC's readiness to negotiate two major trade issues--the community's approach to multilateral trade negotiations and compensation owed the US and other trade partners for trade losses resulting from the EC's enlargement--will be tested at the Council meeting on Monday and Tuesday. (Page 3)



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World rice stocks have dwindled, and the situation may worsen still further over the near term. (Page 5)

A Chinese Foreign Ministry official has been accompanying a touring ping-pong team to discuss political matters with some of Peking's Southeast Asian neighbors. (Page 6)

Lao Prime Minister Souvanna, under pressure from army generals and other rightists, has now decided against accepting Communist demands for stationing Pathet Lao troops on the outskirts of Vientiane and Luang Prabang. (Page 7)

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SOUTH VIETNAM

COSVN guidelines on the "new" cease-fire [redacted] maintain the Communists' emphasis on political struggle. They suggest that, for the present at least, the Communists will attempt to work within the cease-fire agreement and keep military action to a minimum.

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[redacted] the Communists had two major objectives in negotiating the joint communiqué of June 13. These were to end all fighting and implement a "true cease-fire" and to force Saigon to "promulgate and respect the democratic liberties of the people." The other parts of the communiqué, such as the delineation of territory, "are not very important," [redacted] since the Communists do not seek any permanent division of South Vietnam.

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The directive emphasizes the importance of developing political action both within the VC-controlled zones and in government-held areas.

The Communists recognize that the Thieu government controls most of the people; if the Viet Cong remained isolated in "liberated areas," it would be virtually impossible for it to undermine the government.

[redacted]

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar weakened in major European centers yesterday and fell to record lows in Frankfurt, Amsterdam, and Copenhagen. The improvement in the US balance of payments had little impact on foreign exchange markets, apparently having been discounted in advance. The mark continues to consolidate its position at the top of the European band of floating currencies.

The Bank of France and the West German Bundesbank are jointly extending a \$1-billion credit to the Bank of Italy to help support the lira, currently the weakest major currency. In addition, all EC central banks, including those of France and West Germany, will provide up to another \$1.9 billion in short-term monetary support for Rome.

Although there is concern in Switzerland at the continued weakness of the dollar in relation to the Swiss franc, the President of the Swiss National Bank reportedly feels that the floating of the franc has worked "amazingly" well. Consequently, the central bank has made no attempt to control the franc-dollar exchange rate.

Despite the dollar's recent downward drift in Europe, it has gained against the Japanese and Canadian currencies; these two countries account for 40 percent of US trade.

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EUROPEAN COMMUNITIES

The Council meeting on Monday and Tuesday will test the EC's readiness to negotiate two major trade issues: the community's approach to multilateral trade negotiations and compensation owed by the EC to the US and the community's other trade partners for trade losses resulting from the EC's enlargement. There are a number of indications that France may be ready to permit the EC to move ahead on both questions.

Both French and other community officials have reported that Paris may not be averse to compromises which would break the deadlock on the compensation issue and at the same time would permit the EC to adhere to its past position that nothing is "legally" owed the US. Consistent with this posture, the Belgian Foreign Minister may propose at the meeting that the EC Commission be authorized to explore compensation to the US for a "few highly sensitive products."

French willingness to compromise has already permitted progress in revising the community's approach to multilateral trade talks. French flexibility has been particularly apparent in relaxing insistence on a connection between monetary and trade negotiations, in lessening the emphasis on tariff "harmonization" as a goal in negotiations, and in modifying Paris' contention that the EC should take the position that it is owed concessions for the trade liberalization it has already effected.

Substantial agreement on a community approach at the Council session would permit the EC to participate in a positive way at the GATT preparatory committee in July. This would be the last major session before the scheduled ministerial meeting in Tokyo in September.

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PAKISTAN-BANGLADESH-INDIA

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WORLD RICE

World rice stocks have dwindled and only sporadic sales have been registered in recent months. Total world rice exports in 1973 may be as low as six million tons, compared to eight million last year. A number of major rice consumers--Indonesia, the Philippines, Singapore, Cambodia, and South Vietnam--are seeking to make purchases on the world market, but with little success so far.

Conditions in the major producing countries suggest the situation will worsen over the near term:

--Thailand, in early June, banned further rice export commitments at least until August.

--Burma may not sell more than 100,000 tons this year, about a fifth of its exports in 1972.

--Japan's rice exports may fall short of the 400,000 tons it sold last year if Tokyo decides to reserve its remaining stocks for domestic feedgrain.

--China has little if any rice available for sale now, although its early harvest, which begins next month, may produce some for export.

--The US harvest, normally the earliest fall harvest of the major exporters, has been delayed and trimmed by heavy rains. Although the 1973 US harvest will be about 12 percent above last year, the late harvest and lack of carry-over stocks will hold down exports for the remainder of the year.

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CHINA-THAILAND

Cheng Jui-sheng, the head of the Southeast Asian Affairs section of China's Foreign Ministry, has been accompanying a touring Chinese ping-pong team to discuss political matters with some of China's neighbors. Cheng reportedly met several times with Thai officials in Bangkok this week, where he probably reiterated Peking's willingness to discuss Chinese material and propaganda support for Thai insurgents. Thai leaders indicated publicly this week that assurance on an end to such support is a major precondition to normalizing relations with China.

The ping-pong team moves next to Burma, where Cheng will presumably try to ease Rangoon's growing concern over Chinese-supported insurgency in Burma's far northeast.

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NOTE

Laos: Prime Minister Souvanna, under pressure from Lao Army generals and other rightists, has now decided against accepting Communist demands that Pathet Lao troops be stationed on the outskirts of Vientiane and Luang Prabang.



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