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The President's Daily Brief

April 23, 1975

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~~*Top Secret 25X1*~~



Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
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FOR THE PRESIDENT ONLY

April 23, 1975

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VIETNAM

There is near unanimous agreement among senior South Vietnamese civilian and military officials that President Thieu's decision to resign was a good one and that a new government should be formed immediately to attempt to arrange negotiations with the communists. Nguyen Ba Can [redacted]

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[redacted] would resign and assist in any way possible to form a new cabinet. Beyond this, however, there are few specifics on what form the new government will take or who will serve in it.

General "Big" Minh, probably the leading candidate to head a new cabinet, is calling for a new government, which would include staunch anti-Thieu members of the Catholic and Buddhist opposition groups. Former vice president Ky wants to lead a new government, which would include General Vien, the chairman of the Joint General Staff, and former prime minister Khiem. [redacted]

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[redacted] There is also some maneuvering in the Senate to replace Tran Van Lam with Buddhist leader Vu Van Mau to allow Mau to become president when Huong resigns.

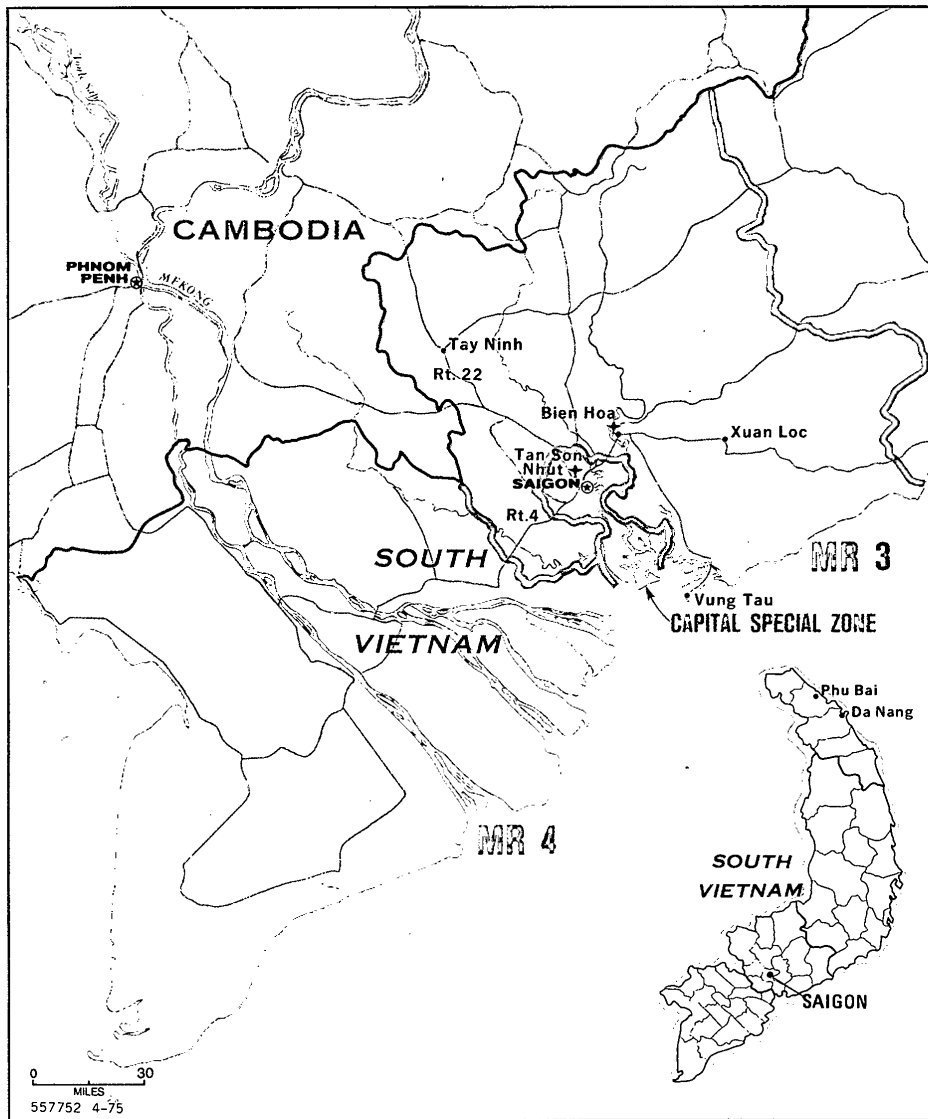
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The South Vietnamese foreign ministry today called for an immediate cease-fire and negotiations without preconditions for a political settlement.

The communists immediately rejected the proposal, however, and their reaction to Thieu's resignation provides no encouragement for the prospects of meaningful negotiations. The Viet Cong's Provisional Revolutionary Government dismissed Thieu's departure as a "clumsy and deceptive trick." Hanoi's radio and party daily, Nhan Dan, focused on the continuation of American support for the new government and stated that the US in effect had replaced one loser with another. The North Vietnamese commentaries also gave considerable attention to the withdrawal of Americans from South Vietnam. They stated that all Americans could be evacuated "in a very short time, even in one day, without any difficulty or obstacle." They went on to condemn strongly US expressions of concern about communist reprisals and warned against any US effort to evacuate large numbers of South Vietnamese. US naval

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vessels moving toward South Vietnamese waters, it was stated, are far more than would be needed simply to evacuate Americans.

In short, the communists are continuing to demand a totally new South Vietnamese government and a quick and total US withdrawal as the price for a negotiated surrender. At least in their public commentary, there is no hint of give in their position, but there is the clear implication that time is quickly running out.

* * *

The level of communist shellings and ground attacks has fallen off sharply as both sides appear to be getting ready for the next round. The only significant military action yesterday was the re-opening of Route 22 south of Tay Ninh city, which allowed the remainder of the South Vietnamese 25th Division to withdraw from Tay Ninh city to government lines nearer Saigon.

A South Vietnamese estimate of communist intentions and capabilities as of April 22 indicates that the current lull in military activity is only to permit the communists time to prepare their forces and coordinate plans to launch simultaneous attacks on Saigon and Bien Hoa. The estimate of the ability of the government forces to resist the final thrust toward the capital city is bleak. [redacted] if the attack is well coordinated, the government's defenses could crumble in a matter of hours.

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The estimate views Saigon's remaining forces as battle-weary and understrength and unlikely to make a determined stand. Many South Vietnamese pilots are believed ready to fly out of the country, and the military planners are not counting heavily on their support in a final battle. It is also expected that most of the territorial forces, police, and many of the regular soldiers will desert to look after their families.

Reports of communist plans to move on Saigon include a coordinated attack of artillery, armor, sappers, and infantry against the city's Tan Son Nhut airbase. [redacted]

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[redacted] the plan calls for a three-pronged attack against the base from the north, west, and southwest. The attacking force could include the North Vietnamese 9th Division, which has moved into position for an assault on Saigon from the west.

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The communists also are moving on Saigon from the east in strength, following the abandonment of Xuan Loc by government forces. The communist plans apparently call for thrusts toward Vung Tau as well as direct moves at Bien Hoa and Saigon. The consolidation of forces and the steady overrunning of government field positions to the southwest of Saigon suggest the communists are about ready to move at least three divisions up the Route 4 corridor-- the southwestern approach to Saigon.

The North Vietnamese are also moving their air defense units closer to Saigon. [redacted] [redacted] communists have moved an antiaircraft fire control radar to within eight miles of Tan Son Nhut airbase. Several transport aircraft were fired upon yesterday near Tan Son Nhut, but none were damaged.

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The North Vietnamese may soon reopen additional airfields in central South Vietnam. Communist ground units were ordered in an April 21 message not to fire on "our aircraft" which will be active at a number of southern airfields. The message did not specify the types of aircraft, but helicopters and transports probably will be the first to use the southern bases. Such aircraft have been flying into Phu Bai and Da Nang airfields on a daily basis for the past two weeks or so.

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CAMBODIA

In recorded statements carried by Phnom Penh radio yesterday, Defense Minister and Deputy Prime Minister Khieu Samphan and Information Minister Hu Nimm congratulated insurgent forces for "final victory...in the people's war" and thanked foreign allies for their support. The two leaders called for "national unity" to build an "independent, neutral, nonaligned, and prosperous" Cambodia, but omitted any specific mention of reconciliation with, or amnesty for, those who fought or served on the side of the former government.

There are indications that the communists are moving ruthlessly against former government officials and Cambodian army officers in at least some parts of the country.

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There is no evidence so far that the communists are carrying out mass reprisals against the civilian population. A number of messages, in fact, have warned occupation forces against actions that would alienate the civilians. Nonetheless, communist forces in Battambang city--and presumably in other recently "liberated" urban centers--are segregating the population according to "class," a move which probably portends at least a period of indoctrination and "re-education."

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There is still no firm evidence as to the fate of senior figures captured by the communists in Phnom Penh, but most westerners in the capital are safe. Six UN staff members got word out yesterday that they were in the French embassy compound--the only foreign installation still operating in the capital. Twenty-six foreign journalists, including five US newsmen, are also there. The mood in Phnom Penh, however, appears to be far from hospitable.

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Prince Sihanouk still shows no sign of preparing to leave Peking. [REDACTED]

[REDACTED]

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[REDACTED] Most of the Prince's information is apparently coming from press services in Peking.

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CHINA

Strains in Peking's relations with Hanoi have become more evident in recent weeks.

The rapid South Vietnamese military collapse, coupled with the Cambodian insurgents' victory, appears to have forced the Chinese to come to grips with problems they probably would have preferred to postpone. The Chinese seem to fear that Hanoi may extend its hegemony over Cambodia and Laos as well as South Vietnam. Peking also is wary of the possibility that Moscow will expand its influence in the area.

Speeches by Vice Premier Teng Hsiao-ping and Defense Minister Yeh Chieng-ying at separate functions in Peking over the weekend reflect the high level of Chinese concern over Hanoi's intentions. Both referred to the importance of the Paris Agreement--a theme the North Vietnamese recently have been downplaying--and Teng pledged Chinese support to the South Vietnamese communists in their efforts to "defend their national rights."

Moreover, throughout the ceremonies surrounding the visit of North Korean President Kim Il-song and the celebrations of the insurgent victory in Cambodia, there was a notable absence of any reference to Hanoi's role in recent Indochina developments. While the oversight is probably in part related to the fiction that only South Vietnamese are engaged in the fighting there, it is nevertheless striking that the Chinese failed to mention Hanoi during ceremonies that were intended to demonstrate Asian "revolutionary unity."

It is clear that Peking is concerned that Hanoi will now move promptly to unify Vietnam. Given Chinese concern that the North Vietnamese regime has tilted in the direction of Moscow, Peking probably hopes that reunification will be postponed until well in the future. The Chinese almost certainly recognize, however, that they can do little to thwart Hanoi on the reunification issue.

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Chinese leaders also appear to be working earnestly to maximize Peking's influence over the new Cambodia government, as well as to limit both North Vietnamese and Soviet influence. By playing up the importance of their long-time ally Prince Sihanouk, the Chinese are clearly indicating that they hope the Prince will play an important role in the new government. The relationship appears to be reciprocal at this juncture. Sihanouk's Prime Minister Sarin Chhak has emphasized the importance--both past and future--of Chinese assistance to Cambodia, referring specifically to a recent statement attributed to Mao that the Chinese would stand by the Cambodian people "in the struggles ahead." The implication is that these "struggles" may involve the Vietnamese and perhaps the Soviets.

The Chinese have long appeared to have doubts about their influence with the Khmer communists, but probably believe they are in position to exploit some of the Cambodian rebel leaders' latent anti-Vietnamese hostility. [redacted]

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[redacted]

[redacted] The Chinese certainly believe that some Khmer communists are oriented primarily toward Hanoi.

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Both Teng and Yeh decried Soviet actions with regard to Cambodia. Yeh pointed out that Moscow had maintained diplomatic ties with the "Lon Nol clique" after Sihanouk's ouster and that it had changed its tune only at the last moment. Despite this, the Chinese are concerned, perhaps somewhat irrationally, that recent developments in Indochina will work to Moscow's advantage.

The North Vietnamese themselves seem to anticipate increasing difficulties in their relations with Peking, at least so far as Cambodia is concerned. [redacted]

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OPEC

Holdings of US assets by OPEC countries jumped from \$2.7 billion at the end of 1973 to an estimated \$14.5 billion at the end of 1974. Last December, US holdings made up 20 percent of OPEC foreign assets, compared with 13 percent a year earlier.

Saudi Arabia, Venezuela, Nigeria, Kuwait, and Iran accounted for 85 percent of OPEC's US assets as of December 1974. The composition of their US assets differed substantially:

Saudi Arabia held about 50 percent in government securities, half of which were medium and long term.

Venezuela kept more than 90 percent in bank deposits, mostly time deposits.

Nigeria placed about 95 percent in short-term government securities.

Kuwait held almost 45 percent in the form of equities, real estate, loans, and corporate bonds.

Iran placed 90 percent in short-term assets, divided about equally between government securities and bank deposits.

Among OPEC members, Indonesia and Venezuela had the largest share of their assets in the US, 67 percent and 41 percent respectively. Holdings by Algeria, Ecuador, and Qatar were negligible.

The flow of OPEC investment almost certainly will decline during most of 1975, as demand for oil remains weak and the oil-producing countries continue to boost imports. OPEC's available surplus for 1975 as a whole will approximate \$55 billion, compared with \$58 billion in 1974. The US should attract a substantial portion of these funds in spite of the recent decline in US interest rates relative to rates in Europe and the drop in the value of the dollar. Barring a serious deterioration in Arab-US political relations, OPEC states probably will invest another \$10 billion in the US in 1975, raising their US holdings to \$25 billion.

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NOTES

The Arab foreign ministers, who met in Cairo Monday, agreed to form a technical committee to investigate Iraq's charge that Syria is withholding water from the Euphrates River.

Syria acknowledges that it took this step in March to retaliate for Baghdad's apparent involvement in a recent attempt to overthrow President Asad.



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the Syrian action is affecting 2 to 3 million people in the river valley. both Syria and Iraq are moving military units to the border area. While the Syrians are said to fear Iraq will try to sabotage the Euphrates Dam, the Iraqis might try to seize the oil and gas fields in northeastern Syria.

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The West European states, although disappointed at the breakdown of the producer/consumer talks in Paris last week, believe the oil-consuming nations could not have made further concessions to the Algerian-led coalition of oil-producing and developing states.

Some of the West European states--West Germany in particular--maintain that Algeria had intended from the start to bring about a collapse of the talks and was more interested in bolstering its claim to leadership of the Third World than in serious negotiations. The British and Dutch feel that the failure of the French-sponsored meeting will strengthen the International Energy Agency. France has indicated that it will continue to work with the agency.

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The North Koreans are taking steps to strengthen their naval forces near South Korean waters and are increasing their naval exercises and training. We have no evidence that Pyongyang is planning aggressive moves against the South, but North Korea's navy is now better prepared to respond to any further incidents near the disputed islands off the west coast.

With 18 guided-missile boats and eight torpedo attack submarines, the navy is the North's only military service with a clear superiority over its Southern counterpart. Seoul's navy currently lacks both missile boats and submarines, and no South Korean ship can match the firepower of the 20 to 25-nautical-mile-range Styx missiles carried by Northern missile boats.

* * *

Honduran Chief of State Lopez, buffeted by the impact of a major scandal and the determined opposition of a group of reform-minded lieutenant colonels, was ousted yesterday by the Superior Defense Council.

His replacement, armed forces commander Juan Alberto Melgar, is likely to play only a temporary figurehead role because of his past close association with Lopez and because the ascendant lieutenant colonels have not yet agreed on a member of their own group to replace him. These officers represent the image of their country as a corrupt and backward "Banana Republic" and are determined to promote economic development and agrarian reform. They can be expected to maintain Honduras' close ties with the US.

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