



The President's Daily Brief



16 October 1969

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PRINCIPAL DEVELOPMENTS

Moscow announces a new aid agreement with North Vietnam for 1970. It is much like the program for 1969.
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Biafra is exploiting its capability to attack Nigerian oil installations. (Page 3)

India wants to improve its relations with East Germany but at the same time wants to retain its present good relations with West Germany. (Page 4)

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USSR - NORTH VIETNAM

The two nations have worked out a new aid agreement, according to a brief announcement on 15 October from Moscow. It is chiefly a public declaration of Soviet intent to continue furnishing military materiel, to provide short range economic aid to meet current North Vietnamese needs, and to program longer term aid for rehabilitation of the economy.

The language used is remarkably consistent with the announcement of July 1968 that set up the 1969 program. Neither of the agreements indicates the magnitude of aid to be supplied.

In 1970 the USSR presumably will follow the pattern of reduced military deliveries and expanded economic assistance that has prevailed since the US halted the bombing of North Vietnam.

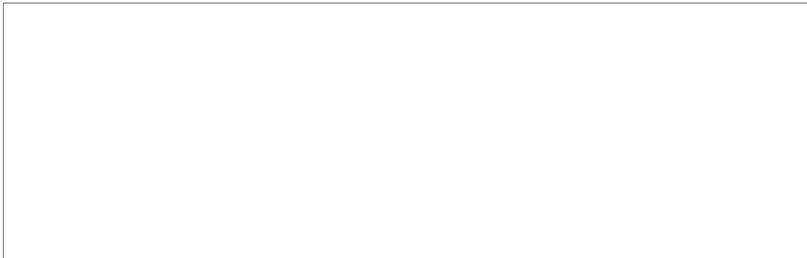
Military deliveries began to fall off in 1968 as the Vietnamese need for air defense equipment was reduced. In that year Soviet military aid was cut by more than one third, from the \$500 million granted in 1967 to about \$290 million. During the same period economic assistance rose by \$40 million to \$240 million, largely to meet increased needs for food and agricultural items. Most of that aid was gratuitous.

It is likely that North Vietnamese demand for assistance in rehabilitation and reconstruction will increase considerably in the coming year. References to repayable credits in the aid agreements for 1969 and 1970 indicate that although the USSR will be a major source of support for this program, Moscow is attempting to insure that the economic feasibility of projects under such a program be clearly established.

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LAOS



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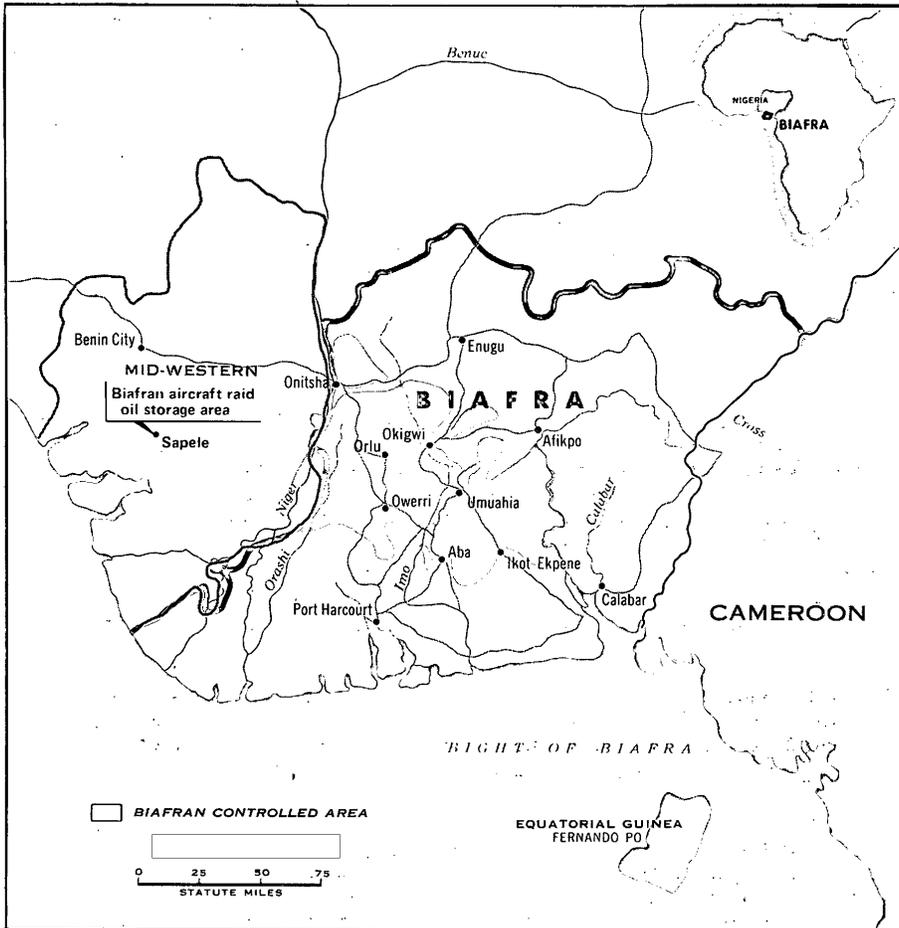
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The timing of the 312th's current deployment to Laos is a clear sign that the move was in reaction to the government's summer offensive in the Plaine des Jarres. It also is additional evidence that Hanoi does not necessarily deploy forces in Laos according to a predetermined schedule, but often makes such decisions on the basis of the tactical situation.

Biafran Raids Continue to Disrupt Nigerian Oil Production



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NIGERIA

Biafran aircraft struck a Mobil oil storage area on 14 October--the first raid on a Mobil facility. Shell-BP and Gulf have undergone six air attacks since last May.

Nigerian oil production was expected to be 1,000,000 barrels a day by the end of this year, but has fallen to about 500,000 barrels a day after reaching a peak of 600,000 barrels a day in April.

The decrease is only partly attributable to Biafran air and ground attacks. Marketing problems have also restricted production. The main reason for the failure to expand production is that oil producers are holding back because of the Biafran threat.

The Biafrans are convinced their campaign against oil facilities is the best way to hurt the Nigerians.



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INDIA - EAST GERMANY

The Indian Government is again considering diplomatic recognition of East Germany, but is fearful of losing West German aid. In London recently, Foreign Minister Dinesh Singh told a group of Indian journalists that recognition "will come some time," but later in New Delhi he would say only that relations were "developing."

The Indians are probably waiting for Bonn's reaction to those statements before taking any further action.

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NOTES

Hungary - West Germany: Bonn and Budapest have agreed to give their respective trade missions authority to grant visas. This is the first positive political move toward improved relations since Soviet and East German opposition blocked Hungary's plans to recognize West Germany in 1967. The new agreement falls short of a full consular arrangement, but will facilitate future steps in that direction--if the USSR is willing.

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