



The President's Daily Brief

30 January 1971

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

Thai Foreign Minister Thanat has taken a hard line toward Washington in recent conversations with Commonwealth diplomats in Bangkok. (Page 1)

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Egypt is taking steps to increase its military preparedness as the end of the formal cease-fire period nears. (Page 4)

The Panamanians have outlined their objectives in forthcoming Canal treaty negotiations. (Page 5)

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[Redacted] Argentina [Redacted] (Page 6)

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THAILAND

Foreign Minister Thanat took a very hard line toward Washington in several recent conversations with members of the Commonwealth's diplomatic corps in Thailand.

The British ambassador to Thailand told Ambassador Unger yesterday that he had participated in three significant parleys with Thanat, apparently at the latter's initiative, within the past two weeks. In these Thanat railed against US policy in Indochina, arguing that the French were the only ones working for a negotiated settlement of the war. He said that he favored Big Minh over Thieu and Ky in the coming presidential race in South Vietnam because Minh could negotiate successfully with the Communists.

In one of the conversations on 26 January which included the British, Canadian and Indian ambassadors, Thanat claimed he had received a clear message from Hanoi that they were looking for someone who could get the Paris negotiations off dead center and facilitate a peaceful settlement in Southeast Asia.



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Thanat said that while the North Vietnamese may have had him in mind as their peacebroker, Thailand was in no position to play such a role, but the Canadians were. He said that he would propose to Hanoi that they get in touch with Canadian Ambassador Cox on this score.

In discussing a peace settlement, Thanat stated that he was prepared to accept Communist domination of South Vietnam, Cambodia, and Laos. Thailand, he said, would be able to hold its own and not fall into the Communist camp. In making these statements, Thanat gave no indication that they had the blessing of other Thai leaders, although he said a day-long cabinet meeting had preceded his remarks.

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For over two years Thanat has been in the forefront of those Thai leaders who have been pressing for a more flexible and independent foreign policy--in short, a policy calling for improved relations with Communist countries as a hedge against the diminishing US presence in Southeast Asia. In addition to his flirtations with Peking, Moscow, and Hanoi, Thanat has led the recent criticism against Washington's proposed sale of PL-480 rice and surplus rubber to some of Thailand's traditional Asian markets.

Although Thanat has in the past exercised considerable influence over Thailand's foreign policy, he has made relatively little headway recently in redirecting its course. His failure is in part the consequence of recent events in Cambodia and Laos which have increased Thailand's dependence on the US for its security. Thailand's room for diplomatic maneuver has been further circumscribed by Peking's failure to pick up public and private overtures from Bangkok.

There is also a continuing question of how much support Thanat can command from Bangkok's military leadership for important shifts in the country's foreign policy. In particular, it is unclear where Prime Minister Thanom's heir-apparent, General Praphat--a staunch anti-Communist and strong advocate of close US ties--stands. Praphat's relations with Thanat have been strained for some time.

FOR THE PRESIDENT ONLY

INTERNATIONAL OIL

Oil company representatives and the Persian Gulf committee of the Organization of Petroleum Exporting Countries (OPEC) exchanged substantive proposals Thursday, the first such exchange since the discussions began on 19 January. As expected, the offers are far apart--for example, OPEC countries have demanded a posted price increase of 54 cents per barrel, while the companies are offering 15 cents.

The head of the oil company team has told the American Embassy in Tehran that he is disturbed at the wide disparity between the offers and believes a settlement close to what oil companies see as reasonable will be difficult to achieve. The general consensus of industry negotiators is that the situation is "gloomy but not hopeless." Iranian negotiators are talking optimistically about an early settlement, but this is in part to avoid drastic action, such as production cutbacks or shutdowns that radical producing countries may urge when all OPEC countries meet in Tehran on 3 February.

Libya still refuses to meet with oil company representatives in the parallel negotiations that the companies are trying to start in Tripoli. The Libyans insist on separate talks with each company. Libyan officials have refused to receive the oil companies' joint proposal--the equivalent of the one presented Thursday to the Persian Gulf group--although they say it can be mailed to them. The Libyans appear uncertain at this point as to their next step. Oil Minister Mabruk has threatened, however, that "a dangerous situation" will exist on 3 February if the oil companies have not reached separate settlements with the Libyan Government by that time.

Syria's agreement to reopen the damaged Trans-Arabian pipeline, out of service since last May, could reduce slightly Libya's leverage in the negotiations. TAPLINE officials estimate that 500,000 barrels per day of Saudi Arabian oil will reach Mediterranean ports by the end of next week. This is 15 percent of current production in Libya. In addition, the availability in the Mediterranean of another 500,000 barrels per day of "short-haul" oil for Europe will ease the tight world tanker situation by increasing transport capability by about three percent.

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EGYPT-ISRAEL

[redacted] press reports that Egypt is taking steps to increase its military preparedness as the end of the formal cease-fire period nears.

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All this has been accompanied by a chorus from Egypt's public media about the failure of various efforts to achieve any diplomatic progress and the inability of Cairo to extend the cease-fire without tangible results in the political sphere.

Egyptian leaders evidently hope that the creation of a warlike atmosphere will increase pressure on Israel to make a substantive offer on the issue of withdrawal. Some of Cairo's actions, however, are only normal defensive precautions taken in light of the uncertainty that will prevail if the cease-fire is not formally renewed. Although Egypt no doubt has various contingency plans for military actions against Israeli forces in the Sinai, there are no indications now that any such operation is imminent. Israel likewise has displayed no intentions to resume hostilities but as usual is on the alert for any contingency.

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PANAMA

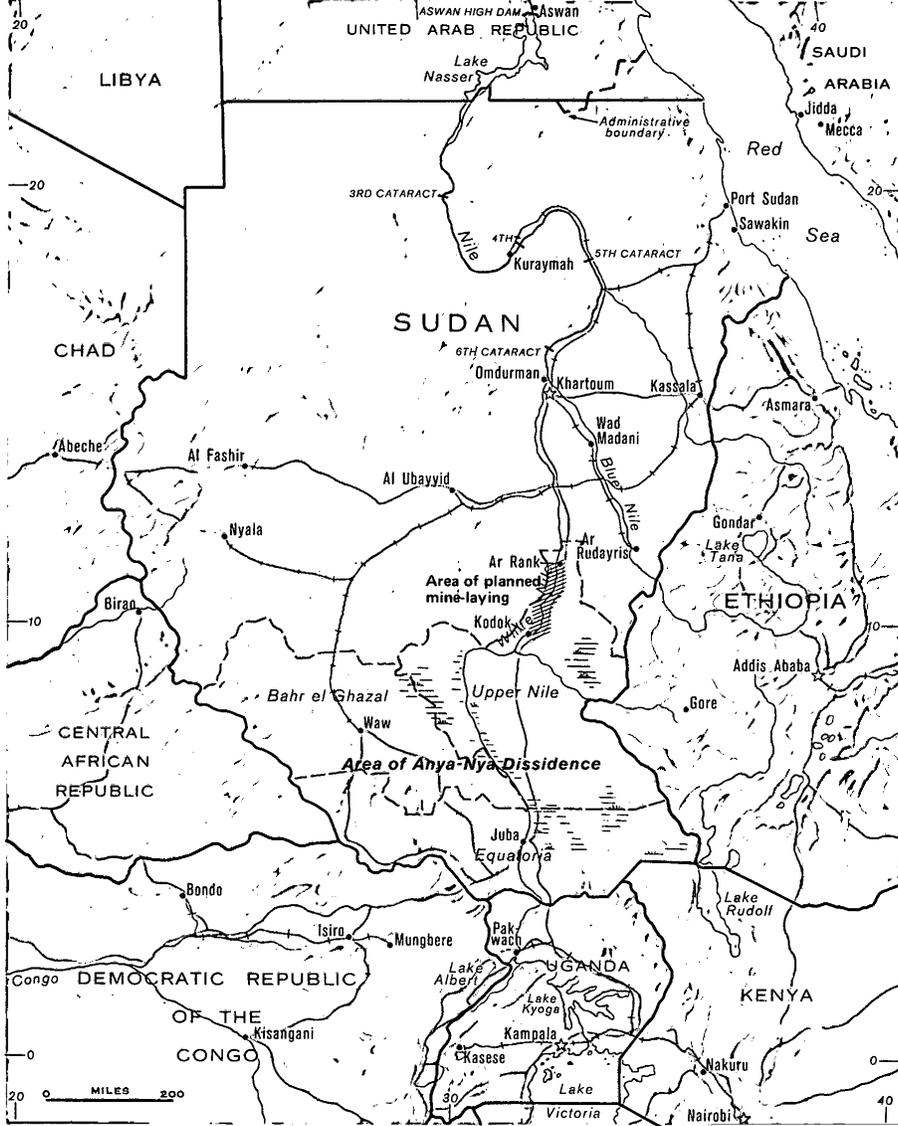
A six-point Panamanian position paper indicates that Panama will stress questions of sovereignty, territorial jurisdiction, and economic benefits in forthcoming Canal treaty negotiations.

According to the paper, Panama will demand full political, fiscal, labor, judicial and administrative jurisdiction over the Canal Zone. Panama acknowledges a need for US technical and administrative know-how, but calls for increasing Panamanian participation in the operation and maintenance of the Canal and for greatly expanded commercial and economic concessions. Panama wants the US military presence to be limited to Canal defense and to be "for a limited period of time with the cooperation of the Panamanian armed forces."

Foreign Minister Tack told Deputy Assistant Secretary of State Hurwitch on Thursday that while Panama would not accept a perpetuity clause, it would not insist on a fixed termination date for defense arrangements and would accept a Canal treaty that could be revised every 20-25 years to meet changing conditions. Tack said that any transfer of jurisdiction over the Zone could be programmed over a number of years.

This initial presentation has come more than a year after General Torrijos first expressed an interest in resuming negotiations, but the Panamanians are likely to push now for a more rapid negotiating pace. The government's urgency will increase substantially by summer as its budget problems mount. As negotiations proceed, there will be always the danger that the erratic Torrijos will react impulsively to any delays or setbacks.

SUDAN: Israelis Aiding Rebels in Mining the Nile River



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Argentina:

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Laos: Government harassing operations against the Communist infiltration corridor in the central panhandle (south of Muong Nong where the Communists have built a new road) are continuing to meet only moderate resistance. There are indications, however, that stiffer opposition may be in the offing, possibly involving a regiment of the North Vietnamese 320th Division that recently entered Laos and may be on the move in this general area.

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