



The President's Daily Brief

7 September 1972

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

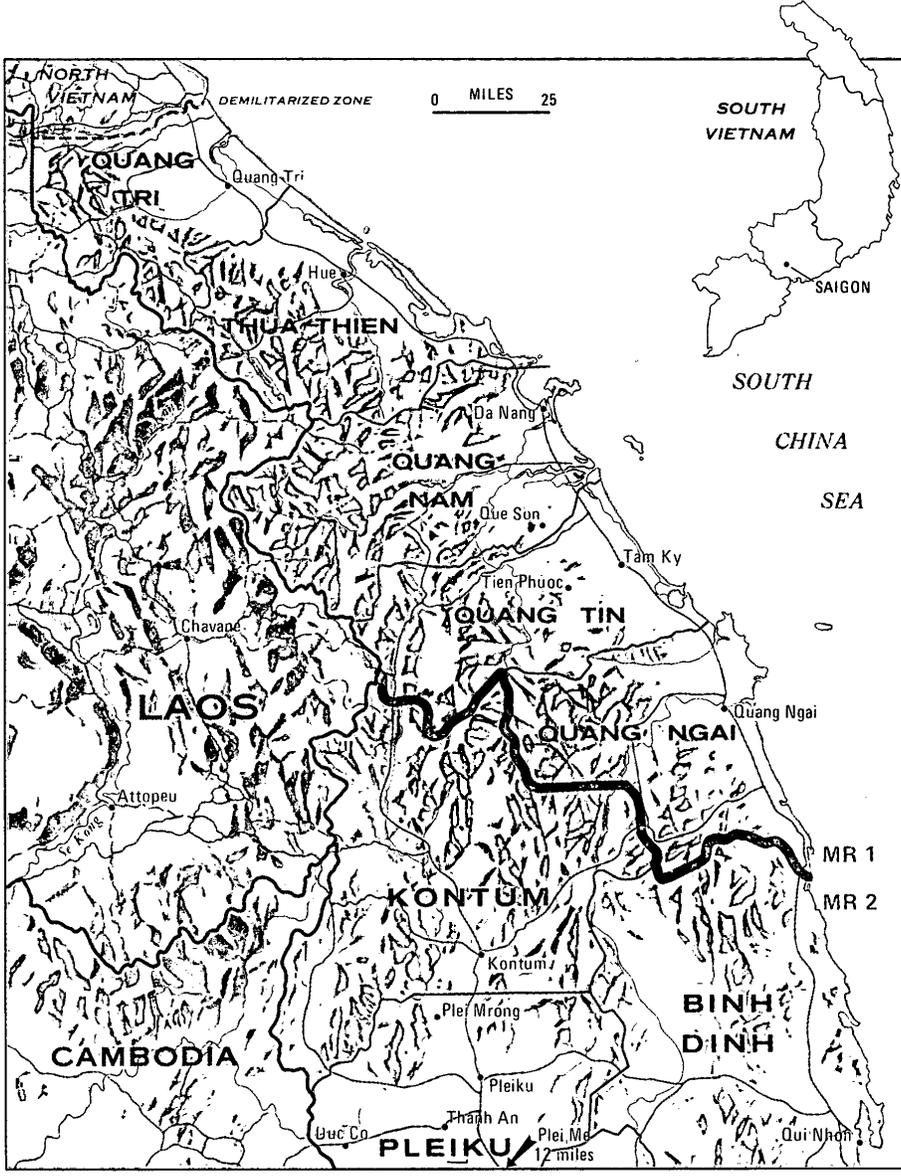
South Vietnamese forces have been driven from a hilltop position in Quang Tin Province in MR-1. The heavy flow of infiltration groups earmarked for South Vietnam's two northernmost provinces apparently continues. *(Page 1)*

Finland has become the first Western European country to initial a treaty for full diplomatic relations with East Germany. *(Page 2)*

We have received reports of work stoppages in Moscow factories. *(Page 3)*

Havana has agreed to release two ships of Panamanian registry captured last December and one of the crewmen. *(Page 4)*

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VIETNAM

South Vietnamese forces have been driven from a hilltop position 12 miles west of Tam Ky in Quang Tin Province. Two companies from the South Vietnamese 2nd Division, who were supporting territorial forces defending the hill, broke and ran early yesterday, allowing the Communists to seize the position. The Communists apparently are continuing to move toward nearby Tien Phuoc district town, which was the target of an enemy rocket and mortar attack early yesterday.

In the central highlands, government forces repelled a battalion-size attack near the Ngo Trang resettlement camp seven miles north of Kontum City. Early yesterday, North Vietnamese forces shelled and assaulted a South Vietnamese field position six miles northeast of Thanh An district town; they briefly penetrated the defensive perimeter but were forced to pull back. Elsewhere in Pleiku Province, the enemy shelled the Plei Me, Duc Co, and Plei Mrong ranger camps and several artillery bases.

There were no significant developments on the Quang Tri battlefield or in the Que Son Valley.

* * *

In the past few days intercepts from the Vinh area have reflected the passage of more than a dozen infiltration groups.

These groups appear to be a continuation of the unusually heavy flow that began earlier in the summer. Roughly 40,000 troops are now estimated to have started the trek south since early July, and approximately 35,000 of these are earmarked for South Vietnam's two northernmost provinces. Most of the others are going to southern Laos and northeastern Cambodia. These men are in addition to the organized units that have crossed the DMZ--most recently the 312th Division.

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FINLAND - EAST GERMANY

Yesterday Finland became the first country in Western Europe to initial a treaty for full diplomatic relations with East Germany. [redacted]

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[redacted] Finland plans to sign the agreement early next month and it would come into force 30 days later. The treaty provides for full diplomatic relations at the ambassadorial level and East German recognition of Finnish neutrality. It also calls for bilateral negotiations on "juridical and economic questions dating from World War II"--presumably including the touchy subject of reparations for German war damage in Finland.

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Finland and West Germany do not have diplomatic relations, and Helsinki's decision to push ahead with Pankow reflects a significant change in policy for which the USSR has long argued. Moscow may have enticed the Finns in exchange for a green light to reach a free trade agreement with the EC.

West Germany had urged the Finns to hold off until the conclusion of negotiations between the two German states aimed at clarifying their own bilateral relations. This effort having failed, we expect that Bonn will react only by reiterating the policy of not beginning formal negotiations with Finland until an inter-German treaty is concluded.

Although the Finnish move is not likely to initiate a flurry of recognition of Pankow by other Western European countries, all other Scandinavian governments are interested. Sweden's Social Democratic government has hinted that it may announce an intention to recognize East Germany at its party congress next month.

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USSR

A work stoppage has occurred in one Moscow factory, according to a report received by the US Embassy in Moscow. In addition, the Belgian commercial counselor told the embassy that strikes are "rotating" from one factory to another each day.

Slowdowns and stoppages occurred in similar circumstances in 1962--when meat prices were increased--and in the following year after a disastrous harvest. We doubt that Soviet workers are well enough organized to stage a "rotating" stoppage. The appearance of even scattered strikes at this time suggests worker concern that food supplies this fall and winter will be inadequate, despite the government's recent assurances.

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CUBA-PANAMA

Havana has agreed to release two ships of Panamanian registry and one of the crewmen it captured last December and accused of involvement in exile operations. Cuba reached the agreement with Panamanian University rector Romulo Escobar Betancourt, who recently led a 63-member student delegation on an extensive visit to Cuba. An official in the Panamanian Embassy in Washington has indicated that the transfer will take place in mid-October.

Escobar told the Panamanian press that Havana had agreed to "consider" the status of the two prisoners being retained--another crewman and Jose Villa, the US citizen who was captain of one of the ships.

The agreement fits in with Havana's current efforts to improve its image in the hemisphere and to increase its links with Latin American governments. Unofficial ties between Cuba and Panama have become closer in recent months, but formal recognition does not appear imminent.

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