

*The President's Daily Brief*

*8 February 1973*

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

8 February 1973

PRINCIPAL DEVELOPMENTS

The North Vietnamese are still sending supplies to South Vietnam, where the fighting is generally light. (Page 1)

Cambodian President Lon Nol is planning to come to the US [redacted] and is trying to entice Sirik Matak into taking the vice-presidency in preparation for his departure. Meanwhile, the Khmer Communists may have launched their "February offensive." (Page 2)

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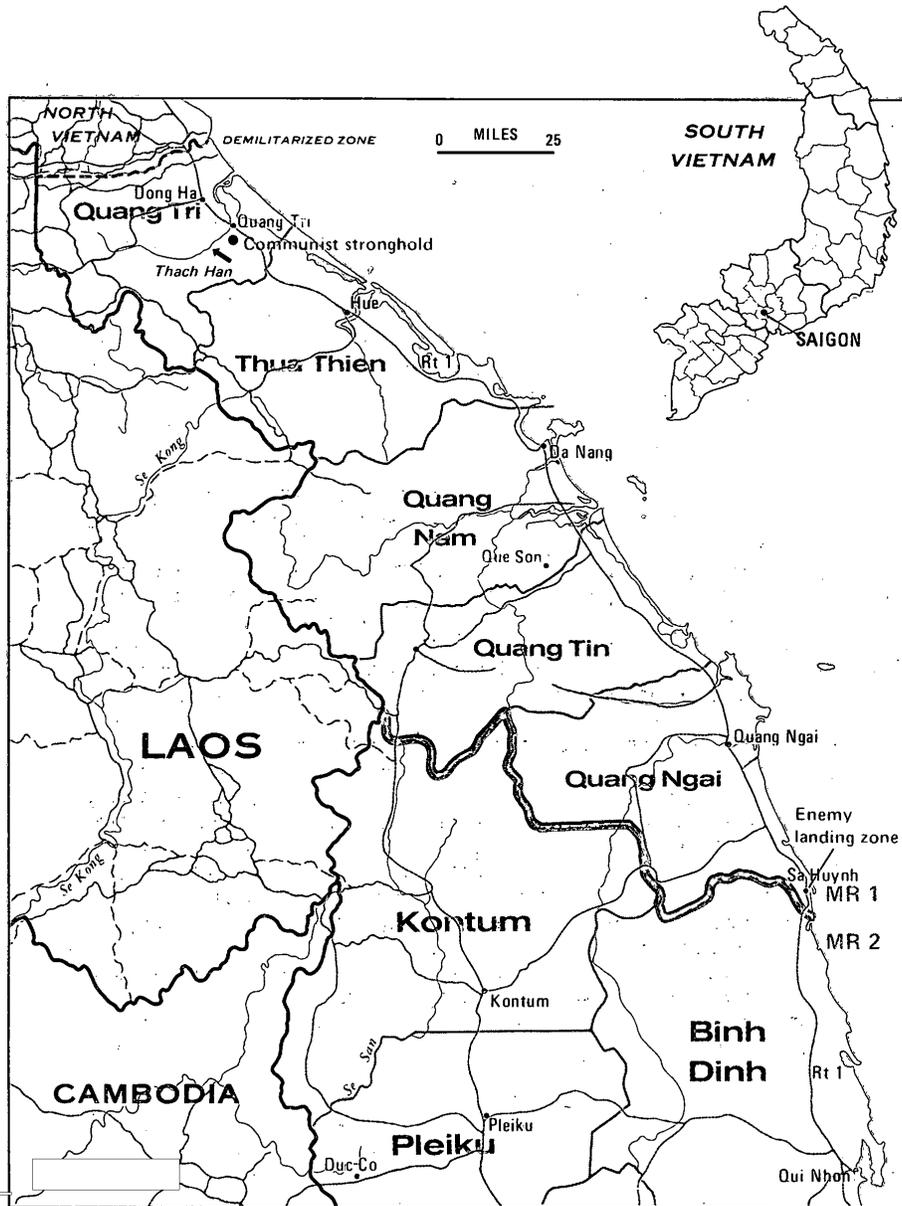
We discuss the run on the dollar on Page 4.

The Soviet Union may be interested in association with the General Agreement on Tariffs and Trade. (Page 5)

Uruguayan military officers are threatening to force President Bordaberry from office. (Page 6)

The Soviets seem to have begun building another aircraft carrier. (Page 7)

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VIETNAM

The North Vietnamese are continuing to move supplies to South Vietnam, some of it by sea. An intercept of 6 February disclosed that logistics units in the Vinh area had dispatched at least 50 tons of explosives and ammunition to South Vietnam-- the first such shipment noted since the cease-fire. Traffic levels are also high in southern Laos, with the heaviest truck traffic near a North Vietnam - Laos border crossing point where sensors recorded 150 southbound movements on 5 and 6 February. [redacted]

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[redacted] intercepted North Vietnamese communications indicate heavy truck activity farther south, some of it possibly involving supply shipments to the central highlands. In addition, a Communist convoy of 75 loaded trucks was spotted moving south in Tay Ninh Province just south of the Cambodian border.

The Communists have recently delivered some supplies by sea to enemy-controlled territory in north-central South Vietnam. [redacted]

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[redacted] showed large stacks of supplies on a beach in southern Quang Ngai Province, with a small cargo vessel, possibly a North Vietnamese infiltration trawler, standing by a few miles offshore.

*The Communists destroyed a South Vietnamese coastal radar site south of this point a few days earlier, and they have expanded their control along the coast in this area, apparently in anticipation of further seaborne shipments.*

\* \* \*

The level of military activity remains low in most areas of South Vietnam, but some increase in fighting has occurred in the north. The heaviest activity took place in Quang Ngai Province, where government troops attempting to retake Sa Huynh report progress. In Quang Tri Province, the Communists have increased their shellings of South Vietnamese paratroops trying to clear a North Vietnamese stronghold along the Thach Han River.

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CAMBODIA

President Lon Nol will leave soon for the United States

[Redacted]

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Lon Nol hopes to secure Sirik Matak's appointment as vice-president, so that Matak can hold the reins of power during his absence.

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*Lon Nol has been trying to persuade Matak to accept the vice-presidency since last March, when Matak quit the government after a serious political falling out with Lon Nol. Matak has steadfastly rejected all of Lon Nol's appeals, primarily because of doubts that he would have any real authority.*

*Matak, however, may now be tempted to re-join the government by the prospect of serving--if only temporarily--in Lon Nol's place. At the same time, Lon Nol evidently believes that, despite their differences, he can still trust Matak to protect his political interests.*

*Matak's acceptance of the vice-presidency presumably would not only bring a measure of administrative efficiency, but would boost the spirits of the isolated and demoralized opposition and perhaps promote political unity in Phnom Penh. Moreover, Lon Nol's departure on medical leave could cause the government to be more active in seeking a political dialogue with the Khmer insurgents.*

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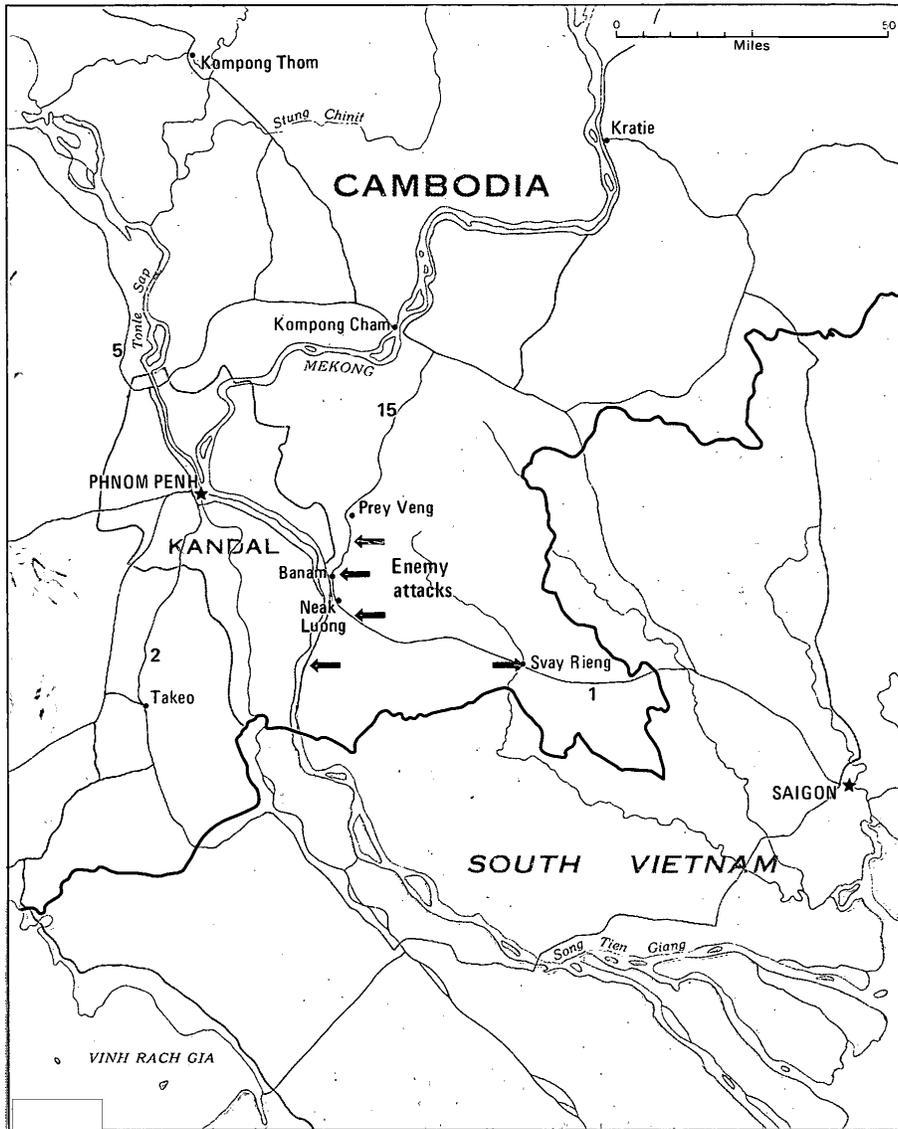
[Redacted]

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\* \* \*

Yesterday the North Vietnamese released a joint communiqué drafted during exiled Prince Sihanouk's visit to Hanoi. It sheds little light on prospects for a cease-fire in Cambodia and in fact gingerly sidesteps the gulf between Sihanouk's proposal on 31 January of a de facto end to the fighting, and the Khmer Communists' determination to fight on. The North Vietnamese took the opportunity once again, however, strongly to endorse Sihanouk as the only legal head of the Cambodian state.

(continued)



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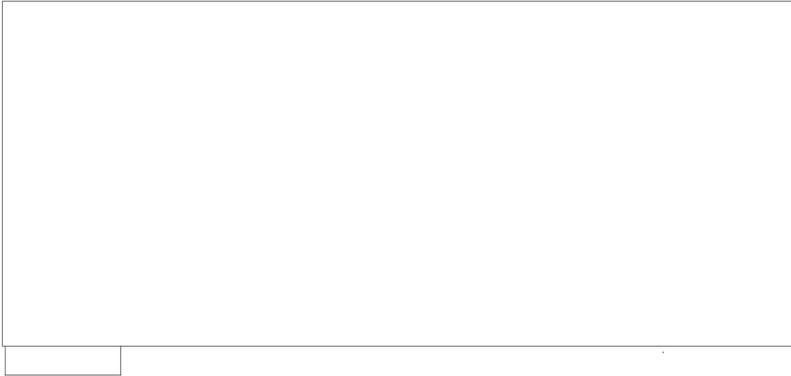
\* \* \*

The "February offensive" recently referred to in some Khmer Communist messages may be getting under way. Since 6 February insurgents have been probing government positions east of the Mekong and along the river itself. They have also rocketed the isolated city of Svay Rieng and unsuccessfully attacked its outer defenses. One intercept indicates that the insurgents also intend attacks in southern Kandal Province, near the border with South Vietnam, in what may be an attempt to obstruct Mekong River traffic, choking off a vital supply route to Phnom Penh. The defenses around the capital are to be harassed by artillery.

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INTERNATIONAL MONETARY DEVELOPMENTS



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Foreign currency markets generally were quiet yesterday as traders awaited the outcome of what turned out to be an unproductive special meeting of the Bundesbank. Nevertheless, the dollar closed weaker against most major currencies. The dollar's continued problems were partly attributable to a statement by a Bonn official that West Germany is prepared to consider the introduction of a two-tier foreign exchange system to defend the mark. The Foreign Ministry issued a quick denial, but the remark was enough to weaken the dollar. It closed at its floor against the mark and the Dutch guilder in the major European markets.

*Foreign banks have spent roughly \$4 billion in dollar interventions in the past week. Last summer, worldwide dollar interventions in the wake of the pound float amounted to over \$6 billion. The recent West German interventions of over \$2.5 billion, however, already approximate those of last year.*

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USSR-GATT

At a meeting last week of members of the General Agreement on Tariffs and Trade, the Polish delegate asked if a way could be found for non-members who have a significant role in international trade to take part in GATT's next round. He also suggested that the absence of a major agricultural importer might handicap negotiations on farm products.

*The Pole presumably was putting out a feeler on behalf of Moscow. The Soviets may now be changing their traditionally negative attitude toward GATT because of their need for agriculture imports and their desire to see Western trade barriers lowered. They may also hope to obtain better terms for Eastern agricultural exports to Western Europe, which face higher tariffs as the Common Agricultural Policy is applied to the enlarged EC. Except for East Germany and Albania, all of East Europe has some form of representation, but little influence, in GATT.*

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URUGUAY

President Bordaberry and senior military officers seem headed for a showdown over who will wield power in Uruguay. Military leaders have been disgusted by the failure of civilian politicians to provide honest or efficient government

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[Redacted]

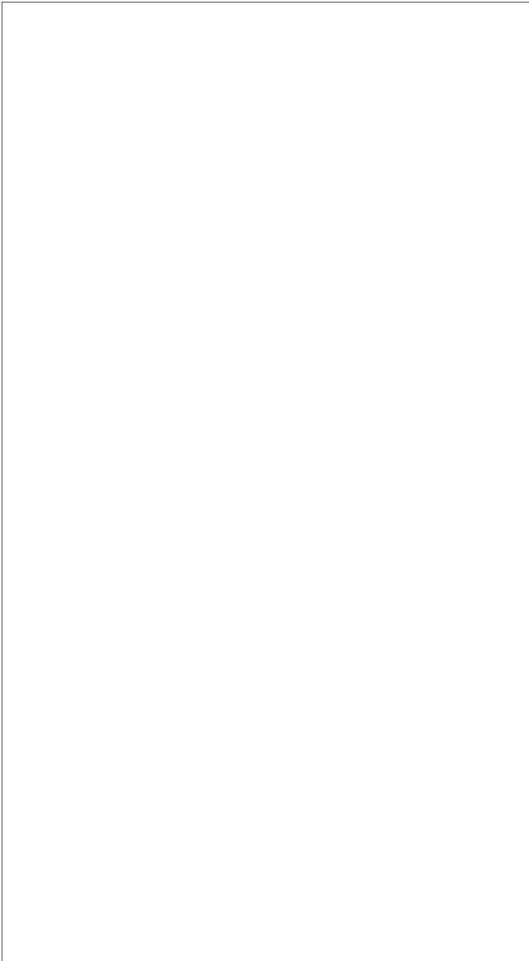
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*There is much talk of a coup in Montevideo, particularly since yesterday, when Bordaberry replaced his defense minister with a retired army general known for his strong constitutionalist views. Should the dissident officers choose to challenge this change, indications are that Bordaberry will try to dismiss them as well.*

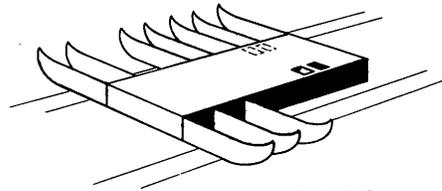
*Uruguay's present military leaders have never had to face such a strong stand by a president; they are accustomed to compromise. Nevertheless, tempers are high, and a bold move by Bordaberry could force the generals to choose between ousting him or backing down. The officers would face strong--possibly violent--civilian reaction to an outright coup.*

**New Hull Section  
at Nikolayev Shipyard**



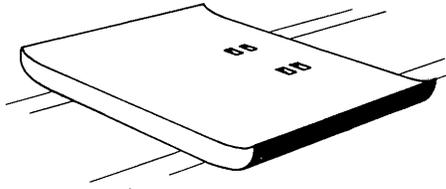
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**New Incomplete Hull Section  
As Seen In Photo**



*Artist's Concept*

**Hull Section of Carrier Just Launched**



*Artist's Concept*

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NOTES

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[Redacted] It is placed on the way in the same spot where the first hull section of the initial carrier was laid in mid-1970. If a second aircraft carrier is under construction, it could be launched in 1975 and ready for service in 1978.

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Jordan-USSR: [Redacted]

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[Redacted]

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Cyprus: Yesterday's raids for arms on police stations by General Grivas' forces may be a prelude to more violence today, the filing deadline for candidates for president. If no opposition candidate files, Archbishop Makarios will automatically be re-elected. The raids seem designed to frighten Greek Cypriots away from a mass pro-Makarios rally scheduled for today. The police are on alert in anticipation that Grivas will try to disrupt the rally. If conflict should break out, a close associate of Makarios says the Archbishop can count on some 3,000 armed men. [Redacted]

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