



The President's Daily Brief

3 April 1973

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~~Top Secret~~ 25X1



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April 3, 1973

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

Cambodian President Lon Nol's controversial brother, General Lon Non, is reported to have resigned from the government. (Page 1)

Phnom Penh's reserves of gas and diesel fuel are almost exhausted. (Page 2)

The latest Pathet Lao proposals have lessened Vientiane's hopes for the early formation of a new government. (Page 3)

Chinese road construction crews in northwestern Laos evidently have reached the Burmese border. (Page 4)

Venezuela and Chile reportedly intend to propose softening the policy of sanctions against Cuba in the course of the OAS General Assembly that starts tomorrow. (Page 5)

Juan Peron intends to concentrate on strengthening Argentina's ties with Western Europe. (Page 6)

Malaysia

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CAMBODIA

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President Lon Nol's controversial brother, Brigadier General Lon Non, has told [redacted] associates that he has resigned from the government and that the resignation was accepted [redacted]

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[redacted] The general claimed that he had acted as a public gesture of reconciliation to help unify the country.

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The resignation, if confirmed, would help reduce the government's inefficiency by lessening Lon Non's ability to interfere with day-to-day operations from his post in the Interior Ministry. He will remain a major source of contention, however, by virtue of his continuing high influence with his brother.

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CAMBODIA

Phnom Penh's reserves of some petroleum products are almost exhausted, according to the US Embassy. Unless stringent rationing measures are enforced and the Mekong River corridor is reopened to supply convoys, the city could be out of gas and diesel fuel by the week's end.

The most recent regular supply convoy reached Phnom Penh from South Vietnam on March 20.

The Khmer insurgents now control about 20 miles of the river north of the government base at Neak Luong. Major elements of three--and possibly four--insurgent regiments, or up to 4,000 men, are known to be in the area. During the past ten days the government has assigned two infantry brigades and several battalions of paratroops from Phnom Penh's general reserves--some 5,000 men in all--to clear the area.

The government troops have shown little taste for combat, however, and have made no progress so far. Army Chief of Staff Fernandez is reluctant to reinforce them from his dwindling reserve because this might lead to territorial losses elsewhere.

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LAOS

After studying the proposals submitted by the Pathet Lao last week, Vientiane is now less optimistic about prospects for the early formation of a new government. Government negotiator Pheng Phongsavan claims that differences on the composition of a coalition cabinet could be easily resolved. The Communists insist, however, that new political arrangements must await agreement on military matters.

The two sides remain far apart on three important military issues:

--The Pathet Lao reportedly refuse to grant supervisory power to the Lao Joint Commission and the International Control Commission.

--They are pressing for a formal demarcation of zones of control, which Lao Prime Minister Souvanna has said would lead to de facto partition.

--The Pathet Lao want to demilitarize Vientiane and Luang Prabang, a move unacceptable to the Lao Army and civilian rightists.

This is the first time the Communists have specifically addressed themselves to these issues, which were left vague in the peace agreement. Their initial tough stance suggests that negotiations will be protracted.

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CHINA-LAOS

Chinese road construction crews in extreme northwestern Laos have reached the Mekong River, which forms the Lao-Burmese border. An old logging road has been cleared and repaired and is motorable to within eight miles of the river.

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The Chinese are also working on Route 3, which goes southwest from the Pathet Lao administrative center at Nam Tha toward Ban Houei Sai, a government-held Mekong town on the Thai border. Construction on Route 3 has not advanced since mid-March and terminates 23 miles from a serviceable spur that would link it to Ban Houei Sai.

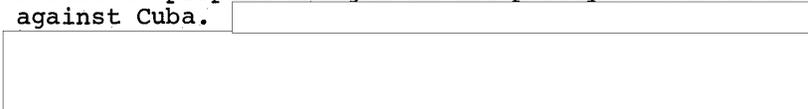
Still another road leading toward the Thai border ends at Pak Beng.

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LATIN AMERICA

During the OAS General Assembly that begins in Washington tomorrow, Venezuela and Chile reportedly intend to propose changes in the policy of sanctions against Cuba.

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Any such Venezuelan move will carry considerable impact. For in 1964 and 1967 Caracas took the lead in developing the sanctions, charging that Cuba was sponsoring subversion in its territory. Since the two-thirds majority needed to rescind the sanctions probably is unattainable now, the revisionists are counting on using a broadly worded resolution to gain a simple majority that might carry moral impact.

In addition, both Panama and Peru are expected to propose reorganization schemes that will reduce US influence in the OAS. They will probably urge that separate economic and political bodies be created, and that OAS headquarters be moved to a Latin American city. They also want to reduce the predominant power of the US in the Inter-American Development Bank.

None of these specific organizational proposals can get majority support at this time. The Assembly will provide a forum, however, for articulating grievances against the US.

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ARGENTINA

Juan Peron, who apparently will guide the foreign policy of the newly elected government, is already concentrating on establishing closer relations with Western Europe.

Both Peron and President-elect Campora received red carpet treatment in Italy, where they met last week to discuss strategy for the Peronist government that is to be inaugurated on May 25. The two men met separately with President Leone and Prime Minister Andreotti, and Campora later met with Spanish leaders in Madrid, where Peron has lived in exile.

On returning to Argentina, Campora told the press that Peron had decided not to attend the inauguration but instead would serve as Argentina's "super-ambassador to Europe." According to Campora, the 77-year-old former dictator will contact European commercial and financial leaders and arrange for Campora to meet with Pompidou and Brandt.

If Peron restricts himself to foreign affairs and works primarily from his base in Spain, the chance of open opposition by the military will be reduced.

Meanwhile, the armed forces are trying to steal a march on the Peronists by establishing diplomatic relations with Cuba before Campora's inauguration, but Castro probably prefers to wait and deal with Campora.

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NOTES

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Malaysia-Philippines-Indonesia: [redacted]

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[redacted]

USSR-US: Premier Kosygin/ [redacted]

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discussed several aspects of Soviet economic relations with the US. Kosygin said that inflation, the instability of the dollar, and the one-sided nature of current US-Soviet trade are vexing the Soviets. It was clear that the Soviets would like massive long-term credits on easy payment terms; Kosygin suggested, for example, the USSR might borrow from the large dollar pool in Western Europe to buy more US equipment. He said this equipment could then be used to produce Soviet goods for sale both in Europe and the US. Kosygin also appeared to be calling for longer payment terms for grain purchases.

Peru: President Velasco has officially resumed his responsibilities and will preside over a cabinet session today at Lima's central military hospital. The regime has invited the press to attend [redacted]

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[redacted]

Ethiopia: [redacted]

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[redacted]

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(continued)

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Pakistan-Bangladesh: The division of debt responsibility between Pakistan and Bangladesh remains unresolved following the aid consortium's separate meetings with the two parties during the past ten days. Bangladesh still refuses to accept any portion of Pakistan's external debt, while Islamabad continues to insist that after June 30 Dacca should assume the debts of former East Pakistan. The consortium has informed both sides that it will make no new pledges of aid, except for humanitarian assistance, until the dispute is resolved.

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