

The President's Daily Brief

January 10, 1974



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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

January 10, 1974

PRINCIPAL DEVELOPMENTS

Israeli and Egyptian negotiations in Geneva have adjourned until Tel Aviv is ready to make a concrete proposal. (Page 1)

The arrival of Prime Minister Tanaka, combined with a surfacing of anti-US feeling, has brought students back into the streets of Bangkok. (Page 2)

An estimated 2,500-3,000 North Vietnamese troops left Laos in December--the first significant withdrawal of North Vietnamese combat units since the cease-fire in February 1973. (Page 3)

In South Vietnam, government forces are reported to have begun a new drive in the central highlands to recapture an outpost. A seesaw battle has been raging in the highlands since the signing of the cease-fire agreement a year ago. (Page 4)

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Notes on the dollar's position, the exile of a Bolivian political leader, and a Brazilian loan to Chile appear on Page 6.

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ARAB STATES - ISRAEL

At their meeting yesterday, Israeli and Egyptian negotiators were able to agree only on the date of the next meeting--January 15. The Egyptians said there was no point to the talks as long as Israel did not come forward with a concrete proposal, and the Israelis replied that they were not yet ready to do so.

According to General Siilasvuo, the UN chairman of the talks, the Egyptians are showing increasing impatience. The meetings, nevertheless, are still not unfriendly and the Egyptians are prepared to await developments elsewhere.

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THAILAND

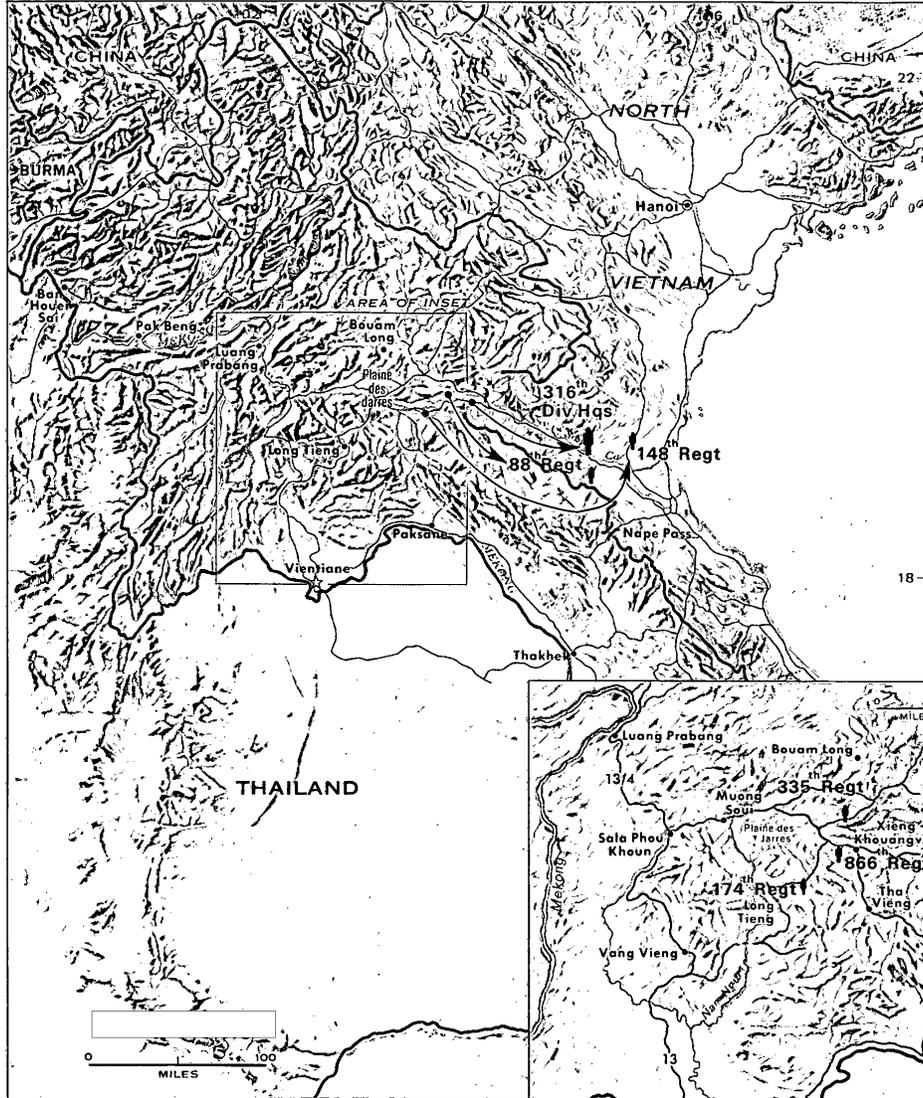
The arrival of Prime Minister Tanaka, combined with a surfacing of anti-US feeling, has brought students back into the streets of Bangkok. Some 10,000 students held a mid-morning rally yesterday to protest Japanese economic "imperialism."

During the course of the demonstration, some 3,000 students broke away from the main body to march on the US Embassy. The students protested CIA interference in Thai internal affairs and demanded that Ambassador Kintner leave the country. They dispersed later in the evening following assurances from the prime minister's office that government officials would meet with student leaders.

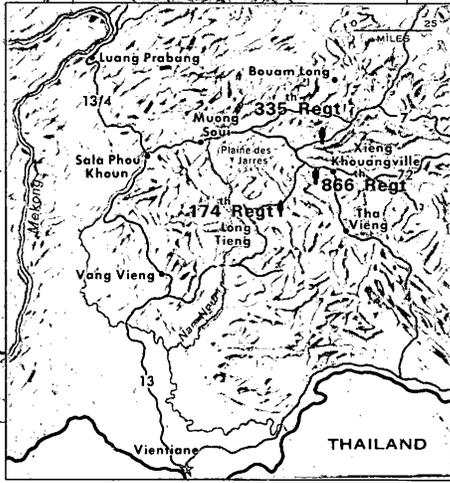
According to a Bangkok press report, several hundred other students threw three plastic bombs at a Japanese department store and a trade office in the vicinity of Tanaka's hotel.

Until now, Thai students have been preoccupied with domestic affairs, and anti-US sentiment has not been a major student issue. Student leaders have seized on the recent CIA letter episode to galvanize public opinion and are pressing the government to take a hard line with the US over the incident. Given the Sanya government's sensitivity to student political pressure, some type of formal protest may be forthcoming.

Major NVA Withdrawals from Laos



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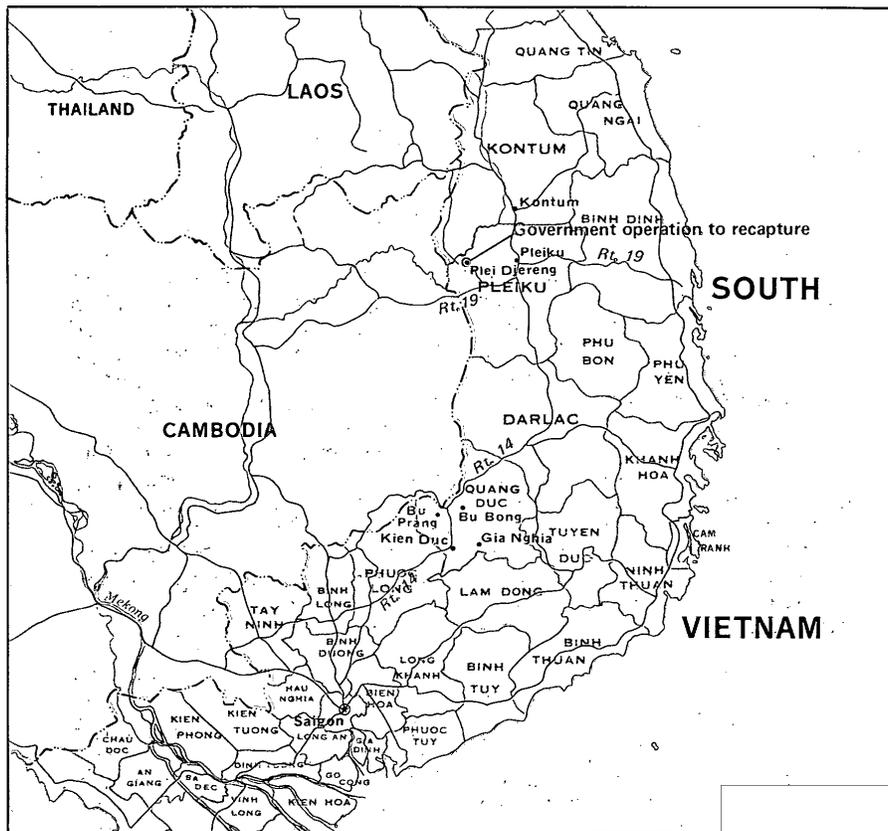
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LAOS

Major elements of the North Vietnamese 316th Infantry Division returned to North Vietnam in December, according to recently available communications intelligence. This is the first significant withdrawal of North Vietnamese combat units from northern Laos since the February 1973 cease-fire. The moves suggest that Hanoi is satisfied with the effectiveness of the cease-fire in the north and that it anticipates no early resumption of major hostilities there.

Division headquarters and two of the division's three regiments apparently have been moving toward the border for several months. The headquarters and one of the regiments have spent the better part of the past seven years in Laos. The other regiment arrived in late 1972 to reinforce combat-weary North Vietnamese units in the Plaine des Jarres area during the closing days of the war.

The withdrawals involve an estimated 2,500-3,000 troops. The third regiment of the 316th Division and two other infantry regiments remain in position to defend the strategic Plaine des Jarres region. There are no indications that these forces are contemplating early withdrawal.



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SOUTH VIETNAM

Government forces in the central highlands are reported to have begun a new effort to recapture a border outpost in Pleiku Province lost to the Communists last September. The attack plan of the regional commander, General Toan, includes the movement of two government regiments from Quang Duc Province to serve as reserves. Withdrawal of these units would leave the remaining government regiment in Quang Duc more vulnerable to Communist attack. A North Vietnamese regiment was detected moving into Quang Duc on January 6, possibly to coincide with the government withdrawals. There have been no other indications, however, that the Communists are preparing for new attacks in the area.

Toan's present operation is the latest in the seesaw battle that Communist and South Vietnamese forces have been conducting in the central highlands since the signing of the cease-fire agreement last January. Communist attacks on government positions in Kontum, Pleiku, and Quang Duc provinces last year netted some territory that the government has partially regained. The failure last week to retake two border outposts in Quang Duc may have encouraged Toan to try somewhere else.

This type of action is likely to be characteristic of military activity in the highlands for the foreseeable future. Such local skirmishing in the highlands is not likely to escalate into full-scale combat, but retaliatory attacks by one side or the other could spill over into other areas and promote a general increase in military activity in the coming months.

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UK

The impasse continues between the unions and the government over demands for increased pay.

A spokesman for the miners' executive committee said yesterday that the miners were not interested in "any more abortive meetings." The executive committee meets today to decide what to do. The miners' ban on overtime is likely to continue, and union leftists may push for more militant action. Already there have been localized walkouts, and some miners are calling for a shorter work week.

Coal production in Britain has now dropped by about 40 percent, and nearly a million workers are unemployed because of the energy crisis. The government's resolve to stand firm in the pay dispute with the railway workers could bring on wildcat strikes which would add to unemployment and fuel shortages.

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NOTES

International Monetary Developments: The dollar's surge came to an abrupt halt on European money markets yesterday. The sizable gains of Monday and Tuesday evaporated as the dollar fell to its level of January 4. Bonn's announcement that it was removing all foreign exchange controls--introduced in 1972 to slow the flow of dollars into West Germany--was largely responsible for the shift out of dollars. Other factors in the reversal included signs of some improvement in Europe's oil situation, a reduction in Libya's previously reported posted oil price, and intervention by both the German and Japanese central banks.

Bolivia: By forcing into exile Paz Estenssoro, head of the country's largest political party, President Banzer has deprived dissidents of their strongest potential rallying point. Paz had a falling out with Banzer last November and ordered his party to withdraw from the cabinet. Paz may be able to retain control of the party, as he has during previous periods of exile. In any event, he will be looking for a chance to start plotting against Banzer.

Brazil-Chile: Brazil has agreed to provide a \$50 million loan to Chile--considerably less than the \$200 million that was being discussed in the weeks following Allende's demise. There is reportedly a clear understanding that the loan will be used for the purchase of Brazilian goods and services. The Brazilians may hope that future aid to Chile by the US and other countries will lessen the need for more extensive help from Brazil.

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