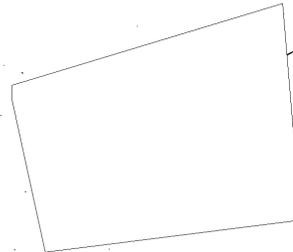


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The President's Daily Brief



May 17, 1974

Top Secret

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

May 17, 1974

PRINCIPAL DEVELOPMENTS



Egyptian-Israeli

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The visit of Pakistani Prime Minister Bhutto to Peking this week is likely to mark the beginning of a more active Chinese role on the Indian subcontinent. (Page 5)

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The Communists have begun a new series of attacks in wide areas of South Vietnam. (Page 7)

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EGYPT-ISRAEL

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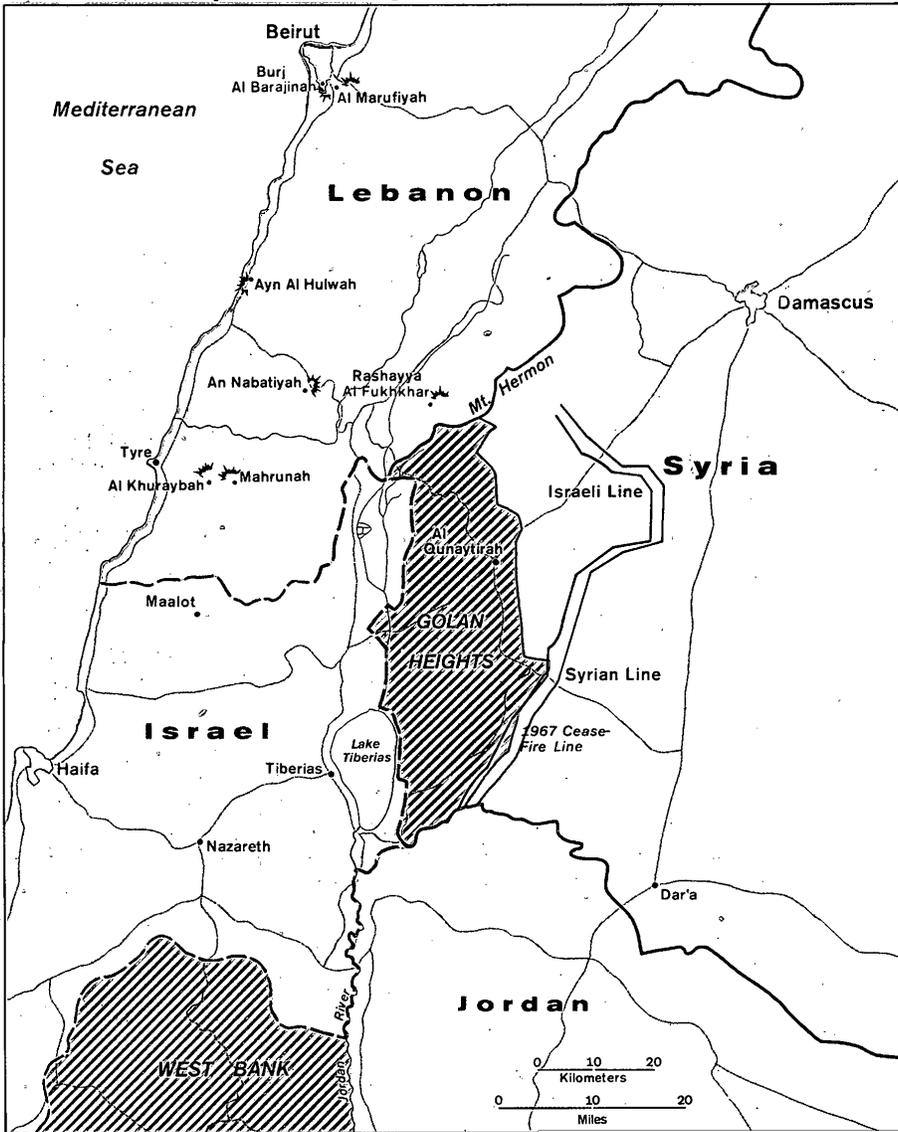
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Palestinian Camps Attacked By Israeli Aircraft



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ISRAEL-LEBANON-SYRIA

Israeli aircraft attacked Palestinian refugee camps in Lebanon twice yesterday in reprisal for Wednesday's terrorist incident at Maalot. Lebanese officials announced that at least seven refugee camps were attacked, including one at Ayn Al Hulwah near Sidon--the largest Palestinian camp in Lebanon. Initial casualty reports from Lebanon say that over 50 people were killed and perhaps 250 wounded.

There is no report of strikes against camps previously known to be used by the Popular Democratic Front for the Liberation of Palestine, which has claimed responsibility for the attack on Maalot. The PDFLP has operated out of a camp in northern Lebanon and from one in Syria. Its headquarters building in Beirut was destroyed by the Israelis in April 1973. Jerusalem nonetheless is likely to claim that the attacks were against "terrorist positions" in Lebanon where Arab guerrillas operate.

Early this morning, Israeli commandos raided the Lebanese frontier town of Majdia and blew up a house the Israelis say was being used by Palestinian guerrillas. No casualties were reported.

* * *

Along the Israel-Syria front, fighting was at a low level yesterday, with only sporadic exchanges of artillery and mortar fire. Israeli aircraft flew reconnaissance missions and defensive patrols over the front, but most of Israel's air activity was directed against Palestinian camps in Lebanon. Syrian aircraft also conducted defensive patrols during the day.

FOR THE PRESIDENT ONLY

FEDAYEEN

Palestine Liberation Organization Chief Yasir Arafat's recent proposal that fedayeen leaders endorse terrorist activities in Israel apparently was a concession to more radical fedayeen leaders, designed to win their approval for a policy of restricting more spectacular forms of international terrorism.

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FOR THE PRESIDENT ONLY

WEST GERMANY

West German Chancellor Helmut Schmidt, who will officially announce his cabinet later today, has chosen several former close associates as cabinet ministers or secretaries and dropped some of the less effective Social Democratic ministers. His inclusion of the new Free Democratic Party leader, Hans Genscher, as vice chancellor and foreign minister represents an important agreement among leading Social Democrats to forget their resentment of Genscher's role in the Guillaume affair in the interests of coalition cooperation.

Schmidt will undoubtedly give first priority to domestic problems.

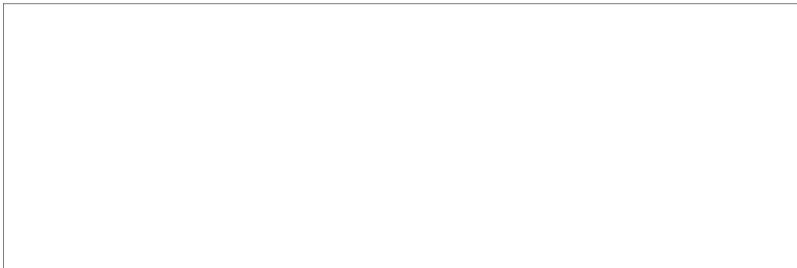
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With only three weeks remaining before the first of two major state elections this year, Schmidt's first aim will be to halt the steady erosion of public support for the party by allaying public concern over signs of economic and political instability.

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CHINA-PAKISTAN

The visit of Pakistani Prime Minister Bhutto to Peking on May 11-14 is likely to mark the beginning of a more active Chinese role on the Indian subcontinent.



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Chinese statements strongly implied that Peking is prepared to improve its own relations on the subcontinent, particularly with Bangladesh. Vice Premier Teng Hsiao-ping praised the agreements on the withdrawal of forces from occupied territories and prisoner repatriation, which have satisfied Peking's long-standing conditions for warmer relations. With no major obstacles remaining, Chinese recognition of Bangladesh appears likely in a matter of weeks.

The restoration of normal Sino-Indian ties is a more complicated matter. Both Bhutto and the Chinese treated India gingerly during the visit and refrained from attacking New Delhi for past conflicts. Such restraint was more than offset, however, by explicit Chinese endorsement of Kashmiri self-determination. Such Chinese statements reinforce Indian arguments--reportedly advanced by Mrs. Gandhi--that India's close ties with the USSR are due in part to continued Pakistani claims, backed by China, to Kashmir.

The final communiqué and speeches by both sides made clear that the special China-Pakistan relationship would endure even as a new pattern of relationships in the area develops. The Pakistani press reported that Bhutto discussed ways of using a \$100-million commodity assistance loan pledged by China; the composition of the delegations suggests that the two sides also discussed military cooperation.

FOR THE PRESIDENT ONLY

CHINA



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SOUTH VIETNAM

The Communists have begun a new series of attacks in wide areas of South Vietnam. In addition to capturing the South Vietnamese Ranger outpost and town of Dak Pek in northwestern Kontum Province yesterday, the Communists forced the government to abandon several outposts and villages in Binh Duong Province north of Saigon.

So far, most of the action has been directed against government positions near Route 13 and along the Saigon River corridor. Some of the fighting appears heavy, and Communist tanks reportedly were observed in one of the attacks. Government commanders report that units from at least two of the Communists' main force divisions in the region--the 7th and 9th--have been involved. Information from captured documents and defectors, however, suggests that the campaign in this sector is to be of short duration.

Fresh fighting also broke out yesterday in several of the northern provinces, and numerous small-scale attacks were reported in many provinces of Military Region 2.

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