



The President's Daily Brief

22 May 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

22 May 1971

PRINCIPAL DEVELOPMENTS

The Indians are making contingency plans for possible military action against Pakistan. (Page 1)

[Redacted]

preparations are under way for further major Soviet space operations. (Page 2)

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Military developments in the Laos panhandle are reported on Page 3.

[Redacted]

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The Chilean Government is taking a tougher line toward US companies, perhaps because of pressure from Socialist Party leaders. (Page 5)

The Soviet economic delegation to the US hopes to secure a commitment permitting the export of technology and equipment for its truck industry. (Page 6)

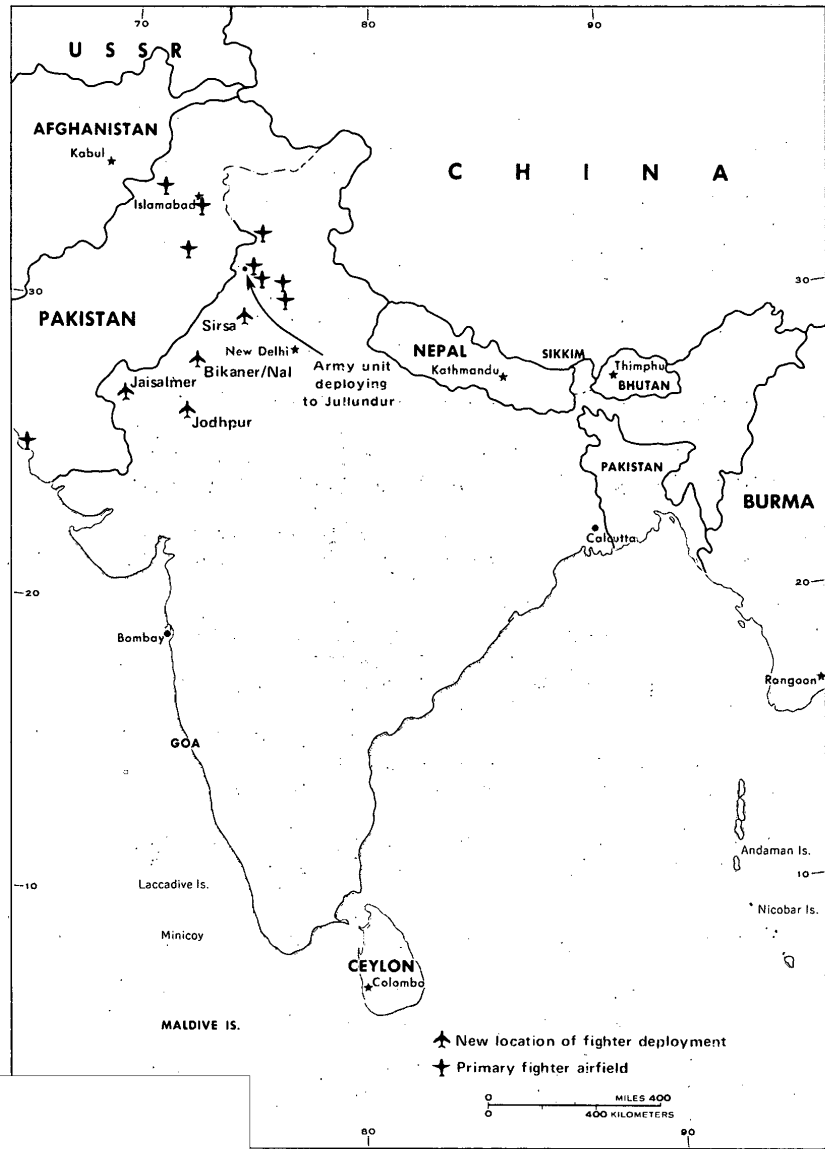
[Redacted]

[Redacted] Latin America [Redacted] Page 7.

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The Bolivian Government has announced the expulsion of the Peace Corps. (Page 8)

India Initiates Military Contingency Deployment



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INDIA-PAKISTAN

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the influx of refugees from East Pakistan is only one of the growing pressures on the Indian Government to take drastic action. The opening of parliament on Monday will tend to solidify public opinion--with which Mrs. Gandhi largely agrees anyway--in favor of some form of intervention. The main argument against military action is the possible Chinese reaction;

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So far this seems to be only contingency planning.

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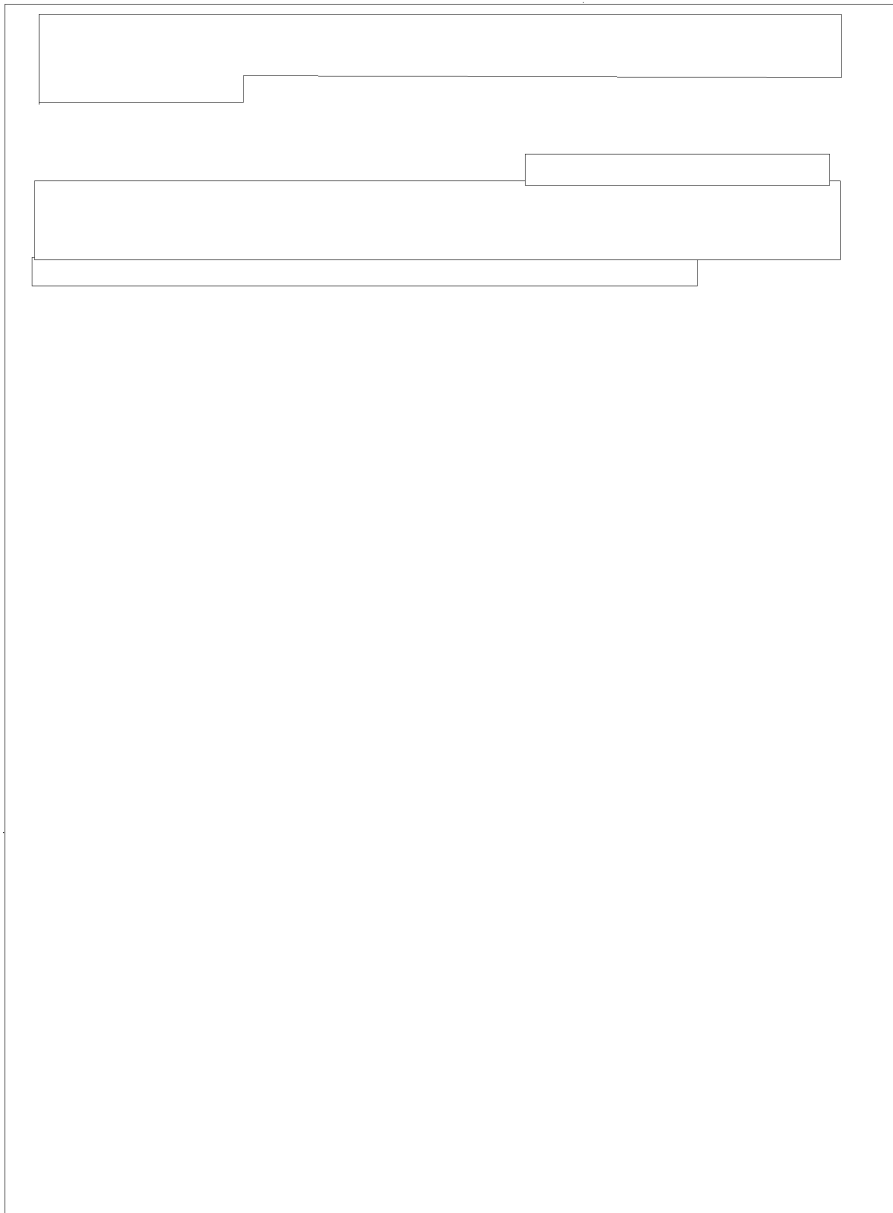
We see no strong indication that hostilities are imminent, but we have recently noticed some preparations of the sort we would expect the Indians to make if they believed there was a possibility of armed conflict:

--In satellite photography of 6 May, combat aircraft were observed at three reserve airfields in northwest India that have been vacant for several years. In addition, Indian-built subsonic jet fighters were at Jodhpur airfield, a facility normally used for intermediate flight training. This suggests a dispersal of fighter units in a potential combat area.

--On 20 May an infantry battalion--600-800 troops--was seen moving westward, apparently from New Delhi or central India, accompanied by approximately 12 T-55 tanks. The US Army attaché thinks the ultimate destination of this unit is probably Jullundur, about 50 miles from the India - West Pakistan border. The troops were in full battle dress and all vehicles and tanks were camouflaged.

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USSR



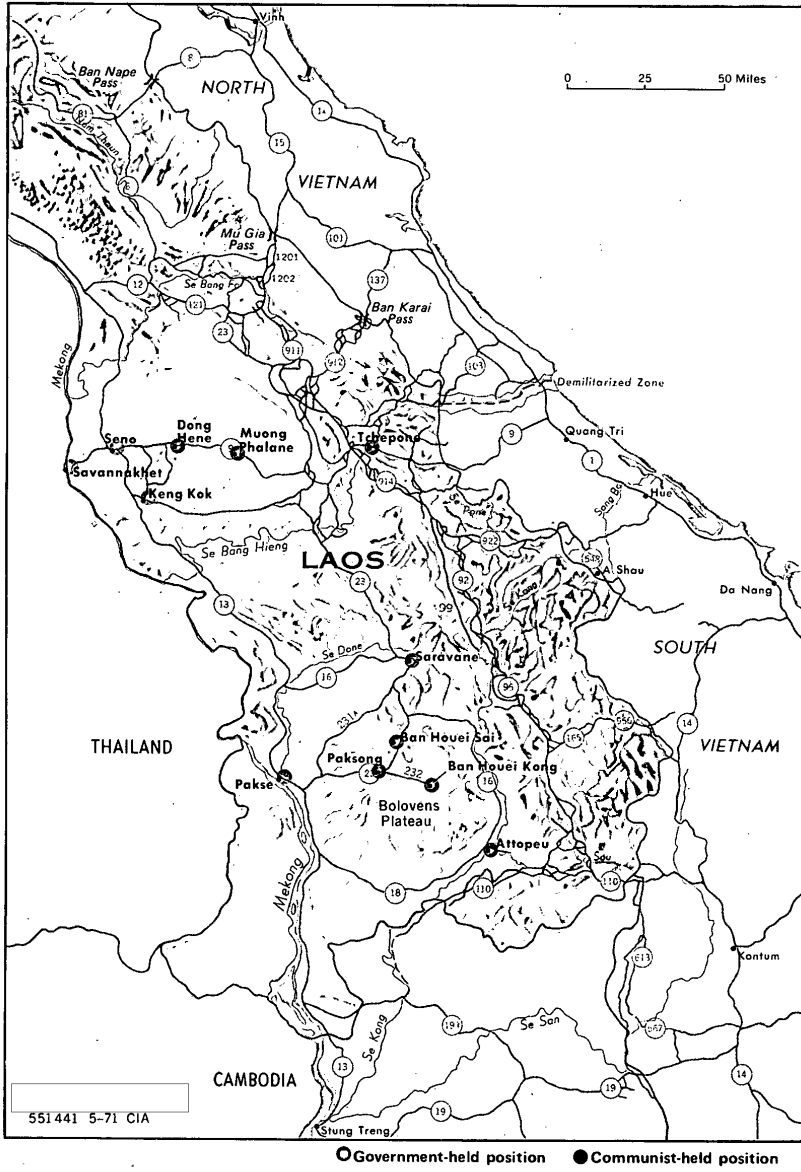
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LAOS

According to an intercepted message, a Communist artillery company that is to be attached to the North Vietnamese 141st Regiment has been ordered to attack the government garrison town of Seno. Both units are believed to have participated in the capture of Dong Hene on 17 May. Intercepts associated with another North Vietnamese regiment in the same area suggest that it too is making combat preparations, but its target areas were not specified.

Government forces have established blocking positions to the west of Dong Hene and are actively patrolling around Keng Kok to the southwest. Several skirmishes have occurred around Dong Hene and a North Vietnamese reconnaissance unit reportedly has been active near Seno, but so far the Keng Kok area has been quiet.

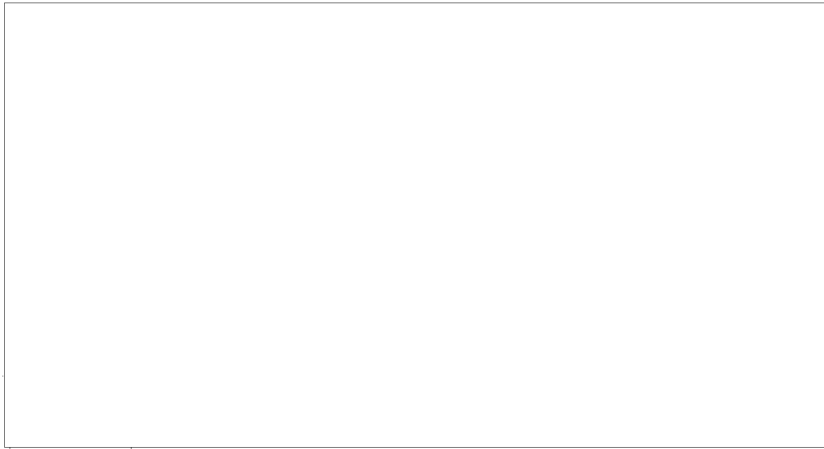
The government's ability to hold either Seno or Keng Kok in the face of a determined North Vietnamese assault is uncertain. Regular army units are suffering from low morale and poor leadership, and their ability to withstand prolonged Communist artillery fire is open to question. Should they break, irregular units in the area probably could not stem any North Vietnamese advance.

On the Bolovens Plateau to the south, the Communists, who seem to be trying to consolidate their recent gains, have been relatively inactive during the past two days. Government irregulars east of Paksong continue to move toward high-ground objectives near the town. They report that the enemy is well dug in at some of these positions as well as along Route 232, which enemy troops are actively patrolling. Government forces that withdrew from Ban Houei Kong on 19 May have been ordered back to that area; they are now about seven miles west of the town. None of these units so far has encountered significant enemy resistance.

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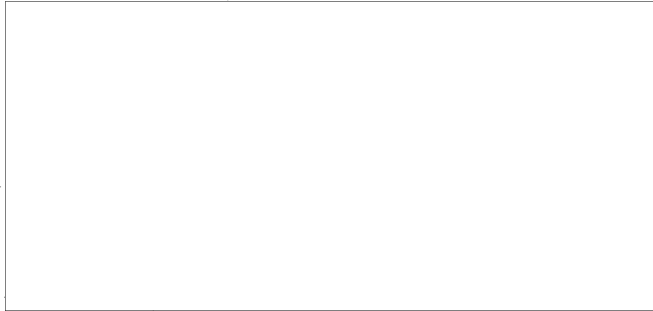
SOUTH VIETNAM



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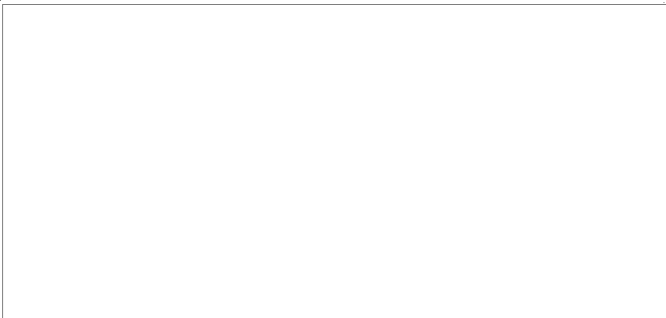
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CHILE

The government on 20 May took over the El Teniente copper mine, owned 51 percent by the Chilean Government and 49 percent by Kennecott, in violation of both the US company's management contract and of Chilean law. In addition, the government at the last minute held up publication of its agreement to buy out the Cerro Company's 70-percent interest in the Andina Rio Blanco mine.

The government's tougher line seems to stem from the greater power of the Socialist Party, whose secretary general, Carlos Altamirano, was reported several months ago to be pushing for a confrontation between Chile and the US. Until recently Allende has followed a gradual approach, but his more vindictive Socialist Party colleagues now appear to have increased their influence over him and some of his more pragmatic advisers.

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USSR-US

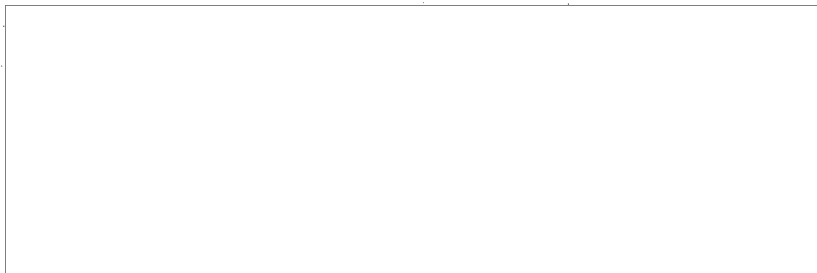
The Soviet economic delegation now holding talks with US officials (discussed in The President's Daily Brief on 24 April and 13 May) has indicated that it wishes to wrap up in one package a firm US commitment to permit the export of technology and equipment for the Soviet truck industry and tentative Soviet offers to buy large quantities of items not subject to trade controls. The USSR has signed an agreement that calls for Mack Truck to provide technology for the Soviets' Kama River truck plant assembly shop; it is ready to pay an estimated \$70 million in cash for foundry equipment and a production line for crankshafts, if licensing is available. It also wishes to barter nickel ore for 50 large off-highway trucks to be used for its nickel industry.

To induce a relaxation in US trade controls, the Soviet delegates are vaguely referring to purchases over the next several years of "up to" \$1 billion in equipment to produce consumer goods, specifically mentioning food processing equipment and tools for the production of furniture and air conditioners. (This offer earlier was reported as \$1 million for consumer goods.) Given Soviet allocation priorities, we believe it unlikely that they would be prepared to use very much hard currency to set up efficient furniture factories or air conditioning plants.

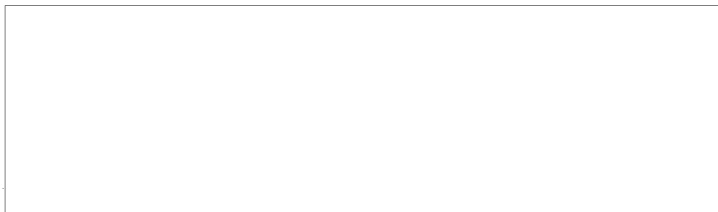
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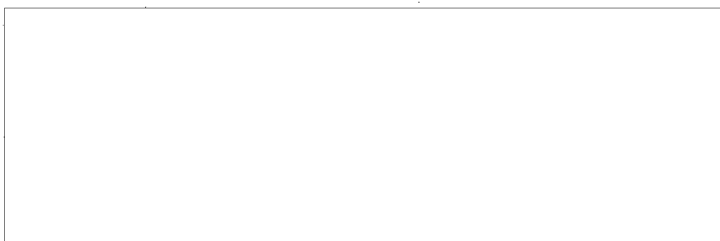
USSR - LATIN AMERICA



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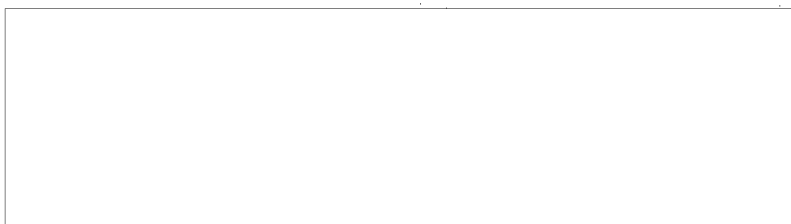
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NOTE

Bolivia: The government unilaterally terminated the Peace Corps agreement yesterday and said the volunteers would have to leave the country. The expulsion, which climaxes a virulent campaign by the far left to have the Corps removed, is the first of its kind in Latin America. Ostensibly, the action results from charges of misconduct and from the government's conclusion that the Corps is no longer useful in Bolivia. Actually, however, it reflects the essential weakness of the Torres government and its critical need for support from the left.

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