



The President's Daily Brief

14 July 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

British negotiations with Malta seem to be near an impasse, while Mintoff has stressed his intent to end any NATO role on the island. (Page 1)

On Page 2 we note several Arab states' reactions to the coup attempt in Morocco.

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On Page 5 we comment on Chile's copper nationalization amendment, which Allende is about to sign.

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MALTA

A British Foreign Office official has informed the US Embassy in London that negotiations with Malta "may be on the point of breakdown." He said that the receipt of another caustic letter from Mintoff has caused London to "urgently reconsider" the planned departure of Defense Secretary Lord Carrington for Valletta. The contents of this letter are not available.

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London believes that its present aid to Malta is worth more than the facilities and rights it is receiving in return. At least some British officials contend that British interests alone would probably not justify meeting Valletta's price--more money for fewer facilities under more restrictions--and that London should turn to its NATO partners to cover the costs of any new arrangements.

Mintoff, for his part, still appears optimistic over the chances of reaching an agreement.

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Mintoff's attitude toward NATO is quite another matter. His private secretary declared to US Chargé Tucker last evening that "NATO is finished in Malta."

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MOROCCO

A break in diplomatic relations with Libya appears imminent as Libyan news services continue to express support for the Moroccan "revolutionaries" despite the success of Rabat in restoring calm and rounding up the remnants of the rebels. The Libyan Embassy in Rabat is closely guarded and diplomatic personnel restricted. The small turnout for an officially organized demonstration in Tripoli

_____ suggests that the government's precipitate support for the rebels has not proved popular, however.

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Among Morocco's closer Arab neighbors, Algiers remains cautious and essentially noncommittal, and Tunis is reported as shocked, indignant, and relieved at the failure of the coup. The US Embassy reports that the Tunisian Government's main concerns appear to be whether the crisis will reinforce King Hassan's position and what its long-term effect may be for the cause of Maghreb unity.

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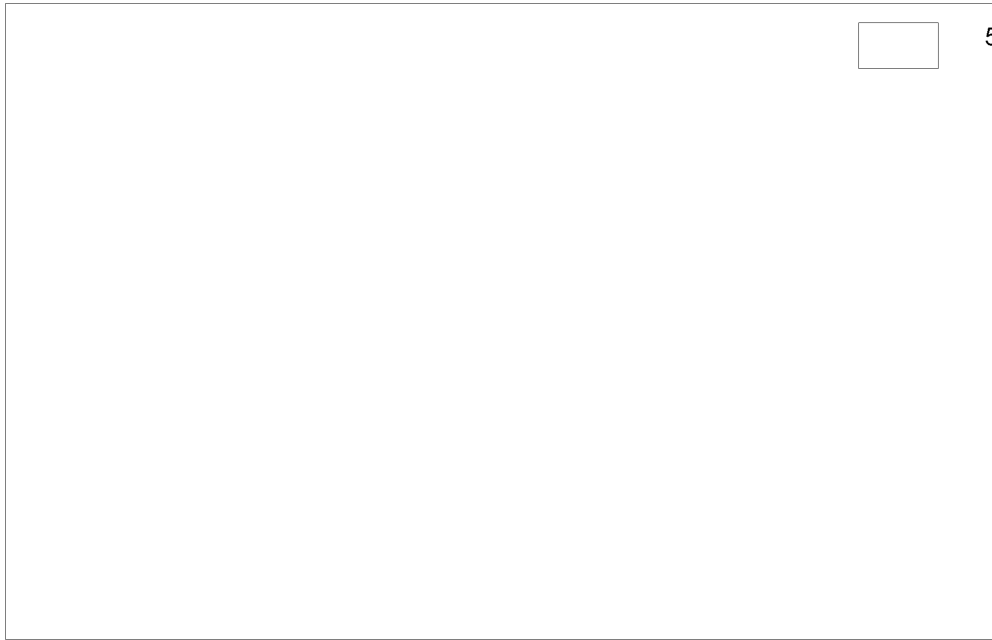
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Soviets



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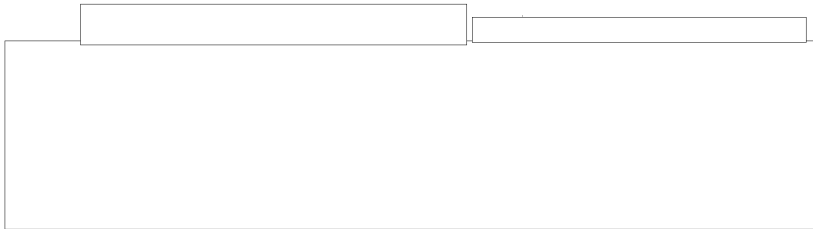


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PANAMA

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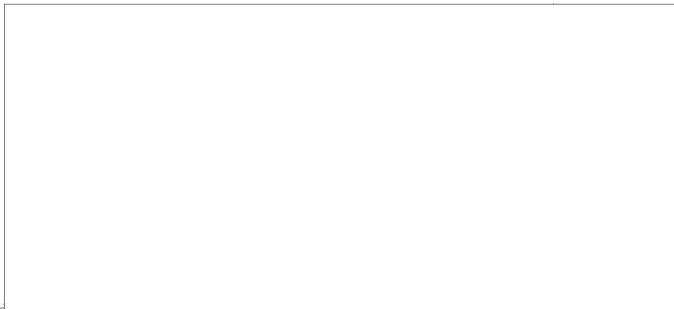
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CHILE

President Allende has decided to sign the copper nationalization legislation even though he has criticized it as weaker than he had wanted. The constitutional amendment authorizing total nationalization of Chilean copper resources, which Congress unanimously approved on Sunday, enables his government to take full control of the large mines as soon as he signs it.

A long negotiating process is still in prospect, however, over the transfer and compensation of the companies' remaining interests. There are also indications that an agreement reached with the Cerro Corporation in late May still faces major hurdles before it is signed. The US companies, if they object to the government's terms, can appeal only the amount of compensation offered, and the Allende forces are making every effort to ensure a majority on the appeal tribunal.

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NOTE

South Vietnam: A new flurry of Communist shellings and ground probes is likely to begin soon, despite recent heavy rains in the north of the country and seasonal flooding in the Mekong delta. Intercepts and captured documents, as well as agent reports, talk of increased activity from mid-July through August; the most frequently mentioned period is the latter part of July. In most of the country, the actions are likely to be conducted by local forces and guerrillas. Regular North Vietnamese units still pose a formidable threat near the DMZ, however, and elements of three regiments--more than 2,500 men--have been assembling in the delta close to a government artillery base in the northern U Minh Forest.

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