

The President's Daily Brief

29 January 1972

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Top Secret 25X1

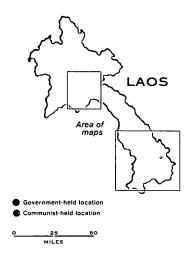
THE PRESIDENT'S DAILY BRIEF

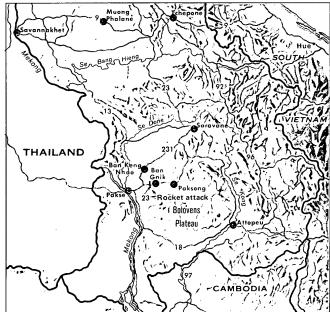
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PRINCIPAL DEVELOPMENTS

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The Panamanian Government plans to publicize soon its dissatisfaction with the canal negotiations. (Page 3)	.*
Allende's changes in the Chilean cabinet do little to improve his position. (Page 4)	
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indicators regarding the impending Communist offensive in South Vietnam's central highlands. (Page 6)	25 X 1







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FOR THE PRESIDENT ONLY

PANAMA

The government will shortly issue a public statement that is expected to stress dissatisfaction with the progress on canal negotiations. The Panamanian foreign minister has told Ambassador Sayre that the statement is not intended to disrupt 25X1 the negotiations. Panama recognizes that the main sticking points are its demands for the return of all land in the Zone not being used for canal operations and for an end to all military activities not directly related to canal defense. Panama also wants the Zone's police and postal systems to be integrated with those of Panama within a year. Moreover, the Panamanians are insisting that any new treaty be for no more than 30 years, at which time the canal must be returned to Panama. 25X1 25X1 25X1 25X1

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CHILE

Allende's cabinet shuffle announced ye only a stop-gap measure which does not political difficulties. In remarks on radiobroadcast, he clearly indicated t	solve his a nationwide
nature of some of his changes.	25X1
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CYPRUS

President Makarios is seeking to purchase 1,000 Belgian rifles to arm a paramilitary force loyal to him, presumably as an insurance policy against the supporters of General Grivas. Makarios believes that Grivas ordered up a recent minor civil disturbance that resulted in a clash between Greek Cypriot police and right-wing Greek Cypriot demonstrators. He is also convinced that Grivas was behind the recent theft of a large number of weapons from a National Guard armory. Besides the paramilitary force, Makarios is expanding the presidential palace guard and appointing special constables and police.

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NOTE

Vietnam: indicators regarding the coming Communist offensive in South Vietnam's central highlands. Recent radiodirection finding indicates that an advance unit of the 320th Division has arrived in Kontum Province. There has also been a sharp increase in the rate of supply movement into the highlands, including the distribution of 122-mm. ammunition to operating units. Moreover, a sizable portion--over 1,000 men--of the Communist 2nd Division appears to be moving toward the central highlands. We caution, however, that because most of the 2nd Division has been used for the past 18 months as a mobile combat force in southern Laos, the units may now be moving to strengthen the defenses of the infiltration corridor rather than to operate with other Communist troops now in the central highlands.