

The President's Daily Brief

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26 July 1972

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

South Vietnamese troops have moved into the citadel in Quang Tri City. The Communists, meanwhile, are preparing new positions north and west of the city. (Page 1)

[Redacted] Lao [Redacted] (Page 2)

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The Soviets are conducting early phase launch tests of a new or highly modified missile from the SS-11 area of Tyuratam. (Page 3)

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The Japanese Government is examining plans to increase purchases from the US and to liberalize foreign access to Japanese markets. (Page 4)

Chile's President Allende has acknowledged important economic difficulties and warned of future belt-tightening. (Page 5)



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VIETNAM

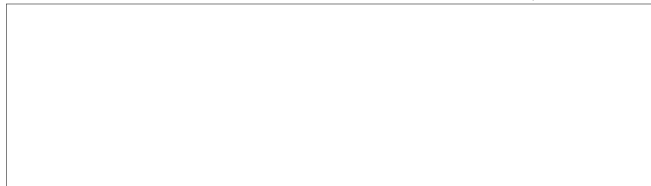
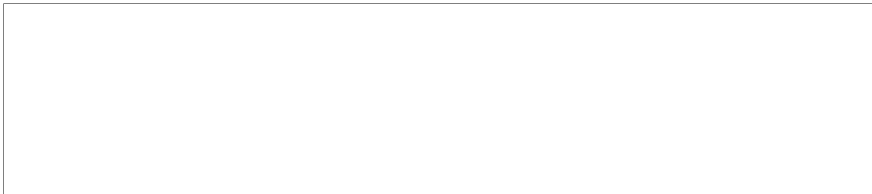
South Vietnamese paratroops moved into the citadel in Quang Tri City yesterday, but recent reporting indicates some fighting is continuing. North Vietnamese artillery units that had been near the provincial capital have shifted to the north and west, and some are setting up new positions along the northern bank of the Cua Viet River. Some Communist infantry units have also pulled back to the west.

These withdrawals as well as recent enemy troop reinforcements and resupply activities indicate the Communists will continue to defend their remaining holdings in eastern Quang Tri Province.

Action elsewhere in the northern provinces remains fairly heavy. Communist gunners fired more than 1,300 artillery and mortar rounds at South Vietnamese defensive positions south and west of Hue on Monday and also shelled the citadel in Hue. The South Vietnamese are continuing to push into northern Binh Dinh Province and are now deploying at least company-sized units in all three districts that were taken by the Communists this spring.

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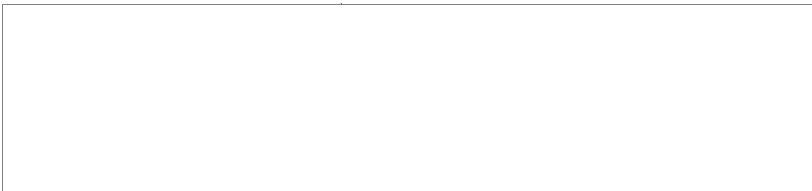
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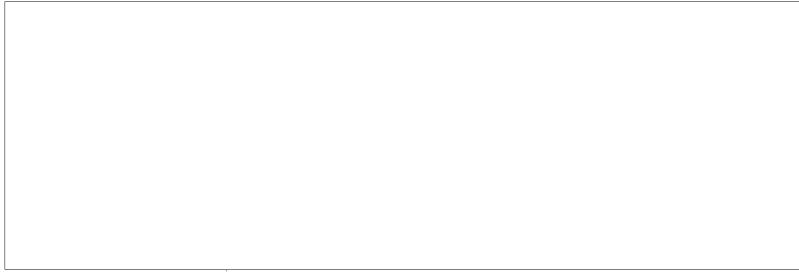
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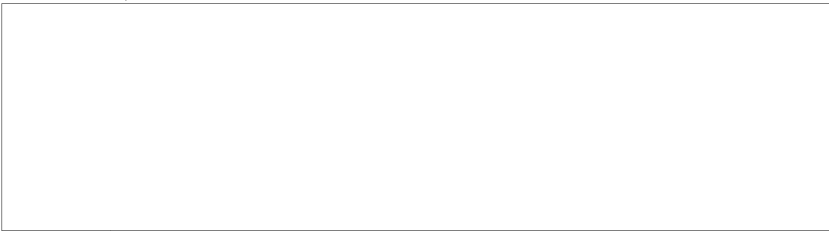
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LAOS



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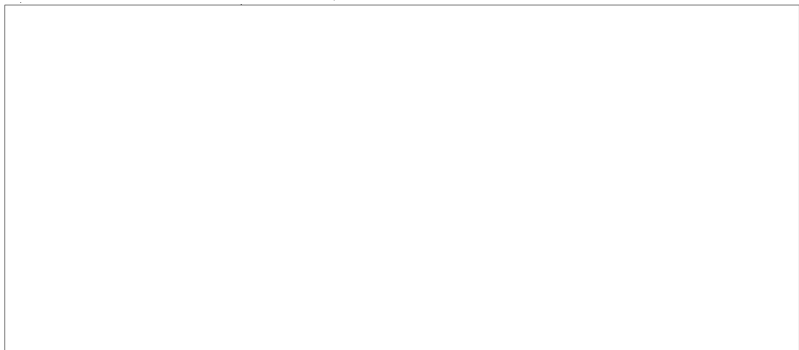
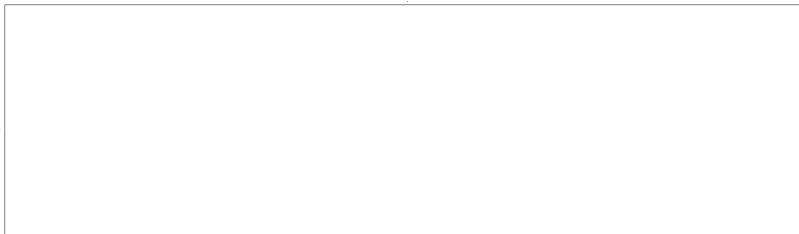


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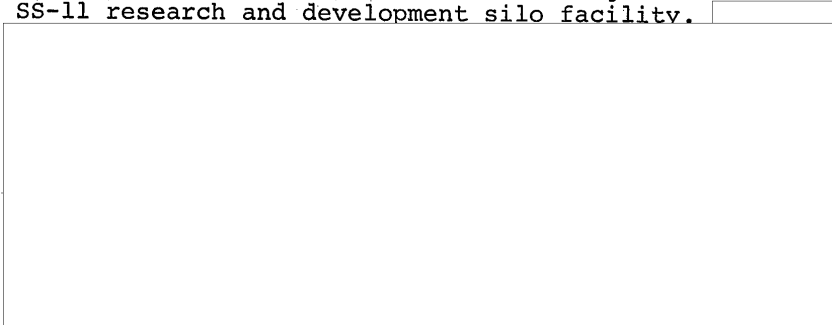
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USSR

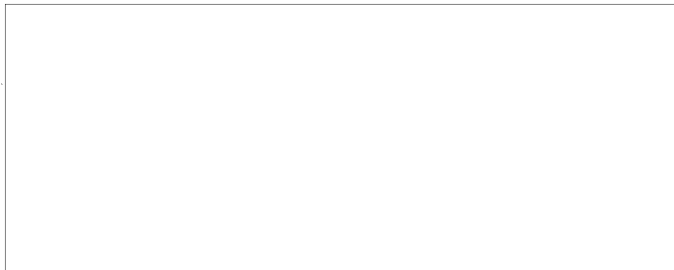
A review of satellite photography of Tyuratam shows that the Soviets are conducting early phase launch tests of a new or highly modified missile from the SS-11 area of the range. Missile debris from two tests was seen about 3,000 feet downrange from an SS-11 research and development silo facility.

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FOR THE PRESIDENT ONLY**JAPAN-US**

For several weeks the Tanaka government has been examining plans to increase purchases from the US and to liberalize foreign access to Japanese markets in preparation for the bilateral trade negotiations that began yesterday. In addition to proposals for large-scale purchases of American grains and safeguarded enriched uranium, Tokyo is considering increasing imports of US commercial aircraft and military hardware, as well as expanding import quotas on foodstuffs and computer products and easing restrictions on foreign investment in retail and wholesale outlets.

Conflicting bureaucratic and business interests, which in the past have often precluded significant trade concessions, are still unresolved, however. Some higher echelons of the Ministry of International Trade and Industry, together with the foreign and finance ministries, favor import liberalization, but they face strong opposition from middle-level bureaucrats who represent business and agricultural interests.

Prime Minister Tanaka is clearly determined to redress Japan's growing trade imbalance with the US. He is in a stronger position than his predecessor to prod concessions from the ministries and to weather the political controversy that might follow the imposition of liberalization programs.

Any new measures are not likely to have a major impact on the trade balance this year, however. Large-scale purchases now could at most boost imports from the US by only a few hundred million dollars during the remainder of the year. Other trade and investment measures being considered represent a continuation of Tokyo's policy of gradually opening up the domestic market, which will only be felt over the long run.

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CHILE

In a major speech Monday night, President Allende admitted that loans and credits from the Soviet Union and other countries were insufficient to balance losses caused by the disruption of traditional economic patterns. As a partial remedy, Allende prescribed a savings plan that would provide local investment funds and a soak-the-rich pricing scheme. He also promised the workers a larger share of goods and services, announced a general wage boost to take effect in October, and outlined a plan to give workers paid vacations in Chile. Allende offered small businessmen and farmers guarantees against expropriation but, lest some take his optimistic tone too seriously, warned that further belt-tightening would come.

The government's poor performance to date and increasing economic pressures suggest that implementing the new measures will be difficult at best. In any event, more stringent government controls on the economy and on the spending habits of consumers seem certain. If the economy does not improve, further attacks on the US and the local oligarchy are likely.

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