

The President's Daily Brief

March 15, 1975

5



~~*Top Secret*~~ 25X1

Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
Declassified only on approval of
the Director of Central Intelligence

FOR THE PRESIDENT ONLY

March 15, 1975

Table of Contents

South Vietnam: President Thieu has ordered the commander of Military Region 2 to make an all-out stand at Ban Me Thuot and to withdraw his troops from Kontum and Pleiku provinces for the purpose. (Page 1)

Cambodia: The US mission in Phnom Penh is receiving numerous requests from Khmers and foreigners for assistance in leaving the country. (Page 4)

Portugal: Radicals in the Armed Forces Movement are continuing to consolidate their gains over the disorganized moderates. (Page 5)

Thailand: The presence of US forces has become a political football in the scramble to form a new government. (Page 6)

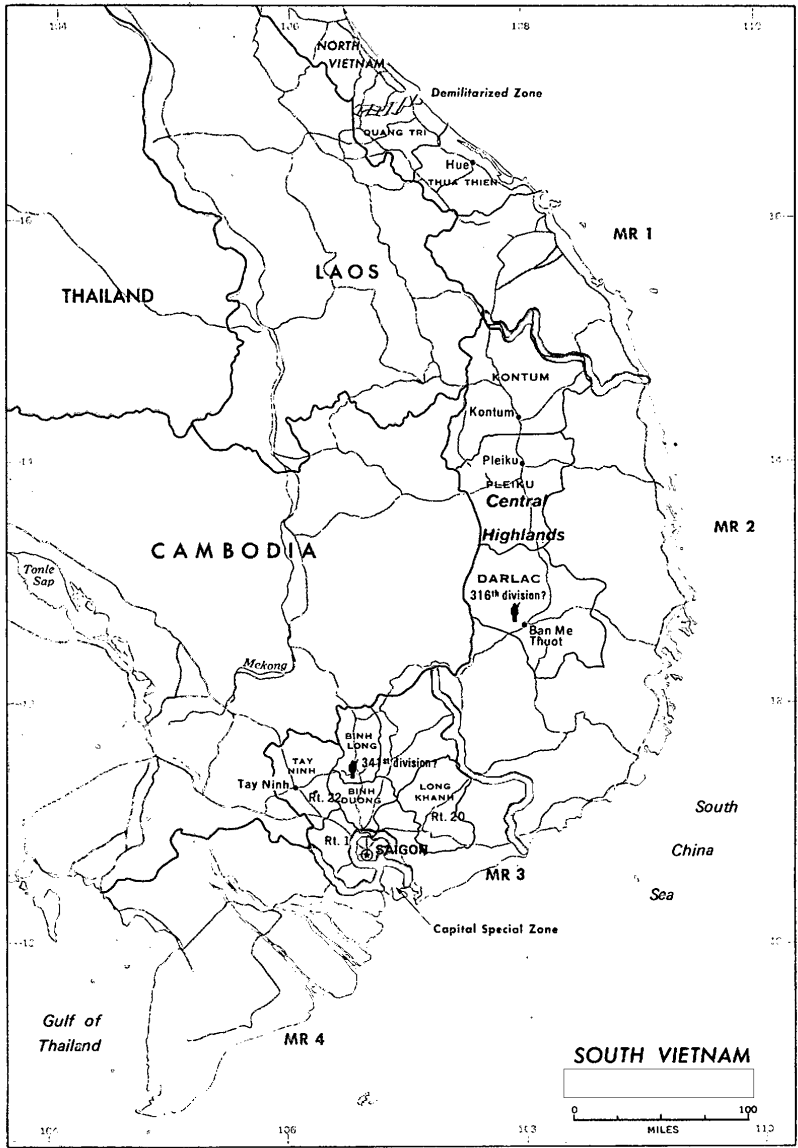
Iran-Iraq: The cease-fire between the Iraqis and the Kurds appears to be taking hold. (Page 8)

Panama: General Torrijos is seeking foreign support for Panama's position as the canal treaty negotiations enter a critical phase. (Page 9)

Venezuela-Mexico: Presidents Perez and Echeverria will announce the creation of a new Latin American Economic System during Perez' five-day visit to Mexico beginning on Monday. (Page 10)

Note: Cuba (Page 11)

FOR THE PRESIDENT ONLY



557480 3-75

25X1

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

South Vietnamese President Thieu has decided to make an all-out stand in the highlands at Ban Me Thuot and has ordered the commander of the military region to withdraw his troops from Kontum and Pleiku provinces, so they can be used in the battle for the town.

[redacted] the regional commander, Major General Phan Van Phu, met with Thieu yesterday and failed in his attempt to persuade the president to send more reinforcements to the central highlands. The president told Phu that the recapture of Ban Me Thuot was the single most important objective in Military Region 2. Thieu reportedly ordered General Phu to begin withdrawing his forces from Pleiku and Kontum provinces today and to complete the relocation by next Monday. An Air America C-47 was scheduled to evacuate all Americans from Kontum and Pleiku early this morning.

25X1

Details of the tactical situation at Ban Me Thuot are sketchy, but [redacted] the communists now occupy large portions of the town.

25X1
25X1

[redacted] large numbers of South Vietnamese troops have been taken prisoner, as have the province chief and a regimental commander. [redacted]

25X1
25X1
25X1

[redacted] large numbers of civilians have been "freed," suggesting the civilians have been moved away from the fighting into communist-held areas.

25X1

Government troops have taken up positions on the edge of the town, and reinforcements are moving toward Ban Me Thuot. South Vietnamese military officials in Saigon say several thousand rangers were airlifted to the highlands yesterday. The rangers reportedly were pulled from a government operation north of Saigon, pointing up the difficult choices now confronting the South Vietnamese.

Fighting also continues northeast of Saigon. In Tay Ninh Province, the communists have opened a new front along Route 1, which runs between the provincial capital and Saigon. Units of the North Vietnamese 5th Division have overrun two government outposts along the highway.

(continued)

FOR THE PRESIDENT ONLY

These attacks, in conjunction with pressure on South Vietnamese units east of the district, appear designed to isolate Tay Ninh City further. [redacted] the attacks were supported by tanks and heavy artillery.

25X1

The communists may be moving additional combat units into central and southern South Vietnam. [redacted]

25X1

[redacted] elements of two North Vietnamese reserve divisions--the 316th and the 341st--arrived recently in central and southern South Vietnam.

Prisoners who claim they are from the 316th were captured near Ban Me Thuot a few days ago. Others, claiming to be from the 341st, were picked up in Binh Long Province yesterday.

25X1

They claim that their regiment left North Vietnam in mid-February and arrived in Binh Long just a few days ago. Earlier evidence suggested that at least part of the 341st was moving into northern South Vietnam.

It takes about three weeks to move from North Vietnam to the provinces from north of Saigon, and some parts of the 341st could have arrived in South Vietnam's Military Region 3.

The evidence on the 316th is less convincing. The prisoners the South Vietnamese hold could be personnel from the 316th Division sent to the 968th Division before the 968th moved from Laos into the central highlands in January. Nevertheless, there have been changes in the 316th [redacted] in recent weeks that do suggest that parts of the 316th are moving. Two reserve divisions--one in the highlands and the other in the area north of Saigon--could allow the communists to make gains in both areas.

25X1

In any case, we have indications that other enemy units inside South Vietnam are showing signs of moving into areas that have not recently experienced heavy fighting--a suggestion the communists may hope to open a number of fronts to tie down and stretch thin Saigon's forces.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

[redacted] the North Vietnamese 7th Division has moved into central Long Khanh Province from the Binh Long - Binh Duong area. The 7th could be moving into position to attack government positions along Route 20, a vital supply artery into the highlands.

25X1

In the northern part of the country, the North Vietnamese 325th Division has apparently moved south from Quang Tri to Thua Thien, and it now threatens government positions west and south of Hue. The move enhances communist combat capabilities in this area, especially in view of the pending move to Saigon of the South Vietnamese airborne division.

FOR THE PRESIDENT ONLY

CAMBODIA

The US mission in Phnom Penh is receiving numerous requests from Cambodians and foreigners alike for assistance in leaving the country. Cambodian civil air flights have been canceled, leaving US flights into Pochentong airport the only regular link with the outside world.

French aircraft are scheduled to arrive this weekend to evacuate French nationals in Phnom Penh. The Australians plan to move their entire embassy staff to Bangkok today. Saigon is attempting to arrange the evacuation of large numbers of ethnic Vietnamese refugees in the Phnom Penh area and is preparing to close the South Vietnamese consulate in the provincial capital of Battambang.

The preliminary US congressional votes on supplemental aid to Cambodia appear to have driven home to the leadership in Phnom Penh, perhaps for the first time, the possibility of early termination of US assistance and outright military defeat.

Case The flow of foreign nationals out of the country and, in particular, the evacuation of members of the relatively large and well-established French community ~~is~~ bound to weaken morale further. In a conversation with Ambassador Dean yesterday, the president of the Cambodian senate expressed his own discouragement over the growing signs of anxiety within diplomatic circles and over what he termed the hasty departure of the foreign community.

* * *

Communist fire against Pochentong airport was relatively light yesterday, with no significant damage reported. The Cambodian army clearing operation west of the airport has moved against stiff resistance to within about two miles of communist artillery and rocket positions around Tuol Leap.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

PORTUGAL

Radicals in the Armed Forces Movement are continuing to consolidate their gains over the badly disorganized moderates.

At the first meeting of the newly created Revolutionary Council, which combines both executive and legislative functions, radicals pushed through legislation nationalizing all Portuguese banks except branches of foreign banks and agricultural credit institutions.

Further changes are expected in the government, including a shuffle of the cabinet. Rumors suggest the moderate Popular Democratic Party may be replaced in the government coalition by the Communist-front Popular Democratic Movement. There are also rumors that Socialist Party leader Soares will be eased out as foreign minister.

Ambassador Carlucci believes that the radicals in the Armed Forces Movement have scored massive, but perhaps not decisive, gains. Civilian political parties, with the possible exception of the Communists, have been severely weakened. The ambassador notes that while the Communists have been trying to establish a close cooperative relationship with the Movement, even they must now be concerned that the Movement will decide it no longer needs their support.

The ambassador believes the abortive coup has significantly increased the likelihood that Portugal will move toward overt military rule, based on populist and nationalist policies with heavy pro-communist overtones. The regime is likely to seek international support in the Third World, while deemphasizing its NATO ties.

As bleak as this scenario is, Ambassador Carlucci does not think the situation is irretrievable. Most Portuguese are still basically conservative and the bulk of the military officers have still not been radicalized. Spinola's departure has left President Costa Gomes without a rival for leadership of these centrist forces, and he may be able to begin to recoup some of the losses.

President Pinochet of Chile agreed to grant asylum to Spinola yesterday, after Brazil and Argentina refused to do so. Spinola will arrive in Chile during the weekend, according to Chilean Foreign Minister Caravajal.

FOR THE PRESIDENT ONLY

THAILAND

The presence of US forces has become a political football in the scramble to form a new parliamentary government, even though it was not a popular issue in the campaign for the general election last January.

Except for some members of the political left, no candidate or party in the election proposed a timetable for the total withdrawal of US forces. Indeed, politicians from the northeast, where the bulk of the bases are located, have many constituents who want the US forces to remain, primarily for economic reasons.

The inconclusive result of the general election is in part responsible for making the presence of the US military a live issue. A delicate balance of forces exists in the assembly, with no one party or faction having close to a majority of the seats. Prime minister - designates, such as Seni Pramot and his younger brother Khukrit, who is now the parliament's choice, find they must yield to the demands of splinter groups if they are to have a chance of winning a vote of confidence from the assembly on their proposed government platforms.

Once Seni broke the ice on the question by proposing that all US troops be withdrawn within 18 months, other politicians felt compelled to equal or outdo Seni's stand in order to avoid being labeled US lackeys by the Bangkok press and other pressure groups.

25X1

The national assembly vote of confidence on Khukrit may occur next week.

25X1

The sudden prominence of the US troop issue, however, is attributable to more than the vagaries of parliamentary politics. It also reflects the disillusionment of many Thai officials regarding the value of continuing a close relationship with the US. US Congressional restrictions on the use of US combat forces, combined with the continued deteriorating security situation in Indochina, have convinced many Thai that the US is no longer prepared to play an active role in Southeast Asia.

(continued)

FOR THE PRESIDENT ONLY

Prospective foreign minister Chatchai, a spokesman for the political right, reportedly has said that the fall of a non-communist government in Cambodia would have a "deep and lasting influence on Thai policy." It would be interpreted, Chatchai said, as confirmation that the US does not intend to back its friends in Southeast Asia. Chatchai added that the best thing for Thailand in such circumstances would be to ask the US to leave quickly. Although this viewpoint enjoys wide sympathy within the Foreign Ministry, it is far from certain that it will become Thai policy in the near future. Indeed, there are officials in the government who would oppose such a move.

Even if the proponents of a slower pace of US troop withdrawals ultimately prevail, it seems clear that Thailand has embarked on an increasingly nationalistic foreign policy, regardless of who becomes prime minister.

FOR THE PRESIDENT ONLY

IRAN-IRAQ

The cease-fire between government forces and the Kurds appears to be taking hold. The Iraqis have made clear, however, that their agreement to a cease-fire is not a first step to negotiations with the Kurds on a political settlement leading to eventual Kurdish autonomy.

Baghdad radio broadcast government statements yesterday that the cease-fire had been arranged only to give the rebels a chance to surrender unconditionally.

[redacted]

25X1

[redacted] Barzani told the Shah [redacted]

25X1

[redacted] that he wanted to continue the struggle. The Shah refused his request for more "infantry-type" weapons and told Barzani that he planned to observe the agreement with Iraq, "at least for a six-month trial period." [redacted] the Shah told Barzani that Iraq had promised to reciprocate the cease-fire, and Barzani then agreed to it also.

25X1

25X1

[redacted] the Shah told Barzani that several governments--presumably Egypt and Algeria--had pressed him, before he went to Algiers for the OPEC meeting, to help end the civil war in Iraq. These governments indicated, the Shah said, that this would result in a change in Baghdad's "political stance"--implying a moderation of Iraq's radical policies.

25X1

FOR THE PRESIDENT ONLY

PANAMA

General Torrijos is marshaling foreign support for Panama's position as the canal treaty negotiations enter a critical phase. He is concerned both about key negotiating issues such as the duration of a new treaty and the chances for US ratification if there is an agreement on the draft.

Next weekend Torrijos will host a meeting with the presidents of Colombia, Costa Rica, and Venezuela. At the suggestion of Venezuelan President Perez, the three chiefs of state already intend to send you personal expressions of support for Panama's case, and Torrijos expects them to sign a declaration affirming Panama's claim to sovereignty over the canal. Panamanian officials have said that the campaign for support will be extended to other Latin American countries and eventually to all Third World nations.

Although Torrijos believes that foreign support for his treaty stand is useful, the main effort to sell a new pact must be directed at the Panamanians and the US. Panamanian officials [] recognize that there are certain basic elements the US must have in any treaty, but they feel they must constantly reassure the Panamanian people that Panama's interests are being zealously protected in the negotiations. This difference between [] positions may in part explain the recent Panamanian press criticism of Secretary Kissinger's speech of March 1 in Houston in which he touched on US aspirations in the negotiations.

25X1
25X1

25X1

Torrijos is genuinely concerned about the implications of the resolution sponsored by Senator Thurmond earlier this month reasserting US sovereignty and rights over the canal. He has already started a campaign aimed to show the US public that a new treaty would benefit both sides.

FOR THE PRESIDENT ONLY

VENEZUELA-MEXICO

Presidents Perez and Echeverria will jointly announce the creation of a new Latin American Economic System during Perez' five-day visit to Mexico beginning on Monday.

Co-sponsored by Mexico and Venezuela, this proposed economic organization is the latest symptom of the growing desire of Latin American and Caribbean nations to use their collective weight to persuade the US to be more generous in its policies and to follow up the "new dialogue" with specific actions. Even the new economic system's joint sponsors are not clear, however, on what the objectives of the organization really are, and not all Latin American governments see a need for it. Most, nevertheless, will accept the invitation to join.

Perez is also likely to call again for a meeting of Latin American presidents this year. The purpose of such a conclave would be to consider means to accelerate regional economic integration, as well as to give Perez another stage on which to assert leadership in Latin America.

On the surface, the two presidents demonstrate remarkable unanimity of purpose. Both are committed to achieving regional unity in economic affairs and seem to be working together toward that goal. On the other hand, each is pursuing his own activist foreign policy, and they are becoming rivals for influence in the hemisphere and in the Third World.

FOR THE PRESIDENT ONLY

NOTE

Cuba's effort in recent months to expand its commercial ties has brought Havana in touch with foreign subsidiaries of US companies, and has raised serious questions over extraterritorial applications of US laws against commercial relations with Cuba.

Havana currently wants to buy \$300,000 worth of rubber flooring material from a US subsidiary in Spain. The company has balked at the deal because of the US regulations, but the Cuban purchasing agency has threatened to bring the company's resistance to the attention of the Spanish government. In view of rapidly expanding Spanish-Cuban trade, Madrid may well exert pressure on the company to agree to the contract. As Cuba's commercial contacts expand, conflicts in several Western countries are likely if US subsidiaries fail to respond to the desires of the host governments to do business.

Top Secret