



The President's Daily Brief

May 6, 1975

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FOR THE PRESIDENT ONLY

May 6, 1975

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THAILAND

Informal [] arrangements between Thailand and the US regarding the US military presence are beginning to unravel. Factors behind this breakdown include:

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--A belief that a US military presence is no longer in Thailand's interests because of the expansion of communist influence in Indochina.

--A growing sense of Thai nationalism.

--Popular mistrust of agreements reached by the discredited former Thai military regime.

The Thai government, nevertheless, remains willing to cooperate with the US on security matters if it can avoid being held publicly accountable.

The Thai are anxious to play down publicly the extent of their cooperation with the US during the Vietnam war in order to put themselves on the best possible terms with the emerging communist governments in Cambodia and Vietnam. Thai officials, moreover, were dismayed that Thai-based US aircraft were not committed to stem communist advances in Indochina. They have reluctantly concluded that US security commitments to Thailand are no longer credible.

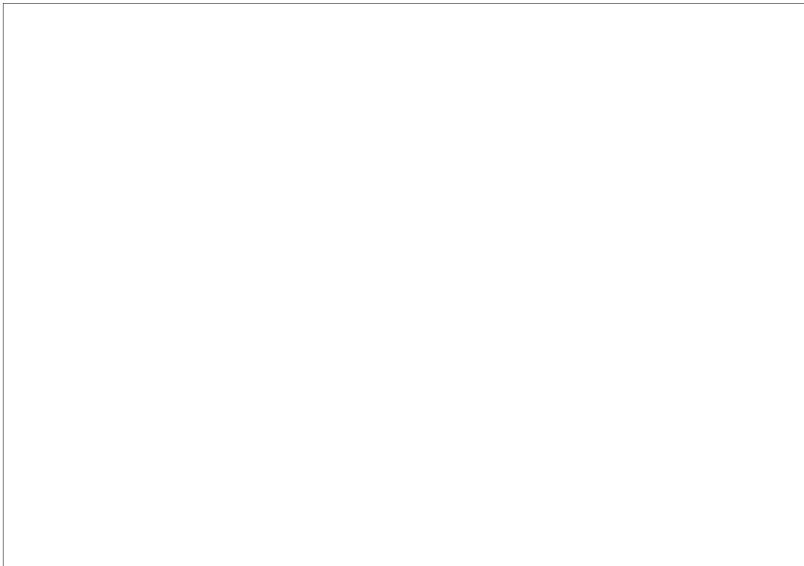
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[] agreements reached with the Thai prior to the collapse of military rule in Thailand--regardless of their merits or legality--now may be called in question in ways that will make them unenforceable. Thai students will be quick to protest what they regard as US special privileges and immunities from Thai law. Government officials, who might otherwise defend agreements with the US, tend to be intimidated by threats from politically active youth.

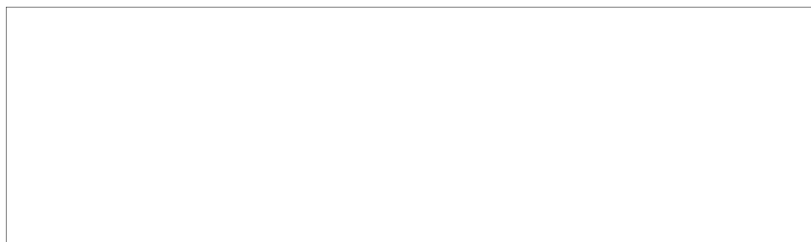
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AUSTRALIA



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Foreign Investment

The Whitlam government is determined to increase domestic control over Australia's mineral resources. It has tightened controls on foreign investment, increased taxes on mining, and pressed for more domestic processing of ores. These policies, combined with currency changes that have made investment more expensive for foreigners, have caused a dramatic decline in direct investment by foreigners--approximately one third of which comes from the US. In 1973-74, foreign investment averaged \$600 million, compared with \$1.4 billion annually from 1968 to 1972.

Continued discouragement of foreign investment in the mining industry ultimately will have a major impact on world mineral supplies. For example, Australia has accounted for nearly half of the increase in world output of iron ore and bauxite since 1968.

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Exploration and development of oil and gas reserves have all but stopped. Canberra has refused to join the International Energy Agency because it feels Australia would not benefit from an oil-sharing arrangement; it thus is unwilling either to make a commitment toward conservation or to meet requirements for stocks.

At the same time, Canberra has participated in forming producer groups for bauxite and iron ore. Although it believes these organizations can strengthen the hand of raw material exporting countries, Australia has been a moderating influence.

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CHINA

The reappearance last month of Chairman Mao Tse-tung, who has been out of public sight since mid-January, does little to clarify the Chairman's relations with the rest of the Chinese leadership.

Mao returned to Peking in April for the first time since last June, primarily to meet with visiting North Korean President Kim Il-song. Official Chinese accounts of the meeting failed to specify, however, that the meetings took place in Peking; this raises the possibility that the Chairman will soon return to the provinces.

Indications of mutual recriminations between Mao and important elements of the Chinese leadership continue to surface. Some of the criticism of the Chairman within China may occur with fairly high-level acquiescence. Limited public criticism of Mao in Kwangtung Province has gone unpunished,

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by Lin Piao to describe Mao in 1971.

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a much-reported rumor that China's regional military commanders, many of whom were targets of last year's anti-Confucius campaign, had refused to meet with Mao last summer [REDACTED]

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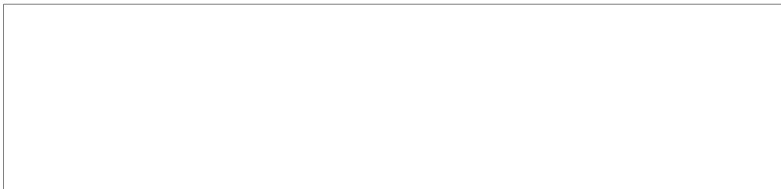
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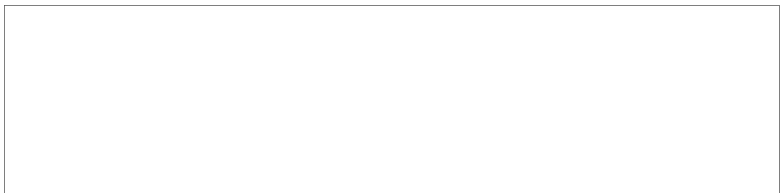
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 the Chairman's imprimatur was obviously needed to provide proper weight to the discussions with the North Korean President. The current criticism of Mao is nevertheless unprecedented, and goes well beyond the rather furtive criticism that surfaced in 1960-61 after the failures of the Great Leap Forward.

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USSR-LIBYA

Premier Kosygin apparently will pay a five-day visit to Libya later this month. He will be accompanied by Foreign Trade Minister Patolichev, who may seek agreement on how the Libyans, with their declining oil income, will pay for such arms purchases as the advanced MIG-23 fighters that they began receiving on May 4.

Despite the USSR's arms shipments, its relations with Libya are marked by mutual distrust and conflicting approaches to the Arab-Israeli question. Kosygin, when bringing the Libyans up to date on Soviet efforts to reconvene the Geneva conference, will probably try to blunt Libyan attacks on the idea of Arab discussions with Israel. The Soviets may also hope to make Cairo uneasy by demonstrating that the USSR has options in the Arab world, including an opening with Egypt's most vocal Arab critic. The Libyans, who have been urging Moscow to send a high-level visitor, will be especially pleased to see Kosygin at a time when Libyan-Egyptian relations have been deteriorating.

Kosygin's visit will take place about a year after Libyan Prime Minister Jallud visited Moscow to discuss a \$250-million arms accord that was wrapped up late last year. The MIG-23s now being delivered under that accord will not immediately improve Libyan air defense capabilities. Libyan air crews have a poor record even on less-sophisticated equipment.

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NOTES

Your coming visit to Italy has drawn veiled criticism from Italian Communist leader Enrico Berlinguer.

On Saturday, Berlinguer asserted that the dominant Christian Democrats would try to use the visit to enhance their image on the eve of the nationwide regional and local elections scheduled for June 15. The Christian Democrats are expected to lose some ground to the left in those contests. Militant leftists may stage demonstrations against the visit, but the Communists will probably not take the lead in organizing anti-US protests. As part of their strategy for achieving a direct voice in the national government, the Communists recently have been signaling in various ways their willingness to accept Italy's security ties with the US. Berlinguer has also taken steps--such as his criticism of the Portuguese Communists--to underline his party's claim that it is not subservient to Moscow.

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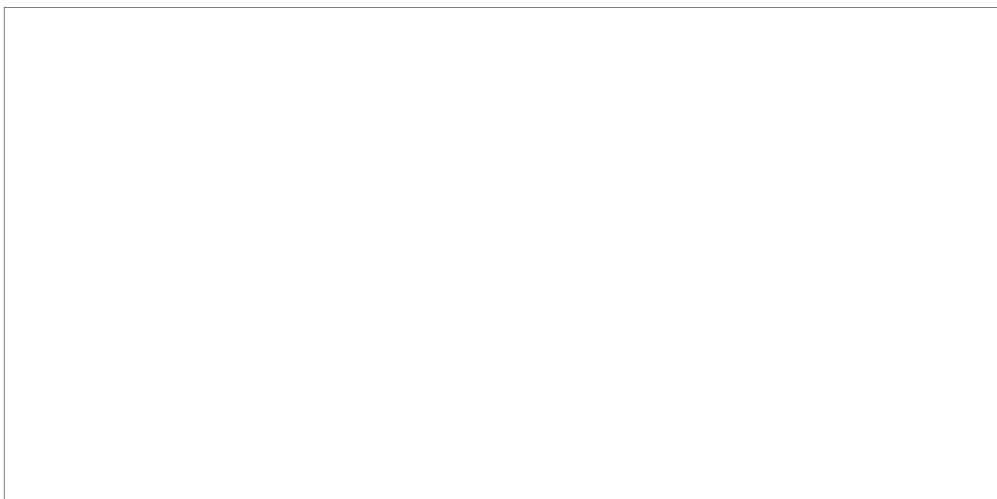
The USSR is increasing civilian aid shipments to Vietnam.

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Tass announced yesterday that two Soviet ships have arrived in Da Nang with rice and diesel fuel--the initial delivery of promised humanitarian assistance to South Vietnam. The rapidity of the Soviet response is a clear indication of the USSR's interest in strengthening its relationship with the Vietnamese communists, particularly vis-a-vis China.

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The chief Soviet negotiator at the Sino-Soviet border talks, Leonid Ilichev, has returned home after three months of apparently fruitless discussions in Peking.

The negotiations appear to have foundered once again on Peking's demand that the USSR acknowledge that the border areas claimed by the Chinese are "disputed territories," and withdraw Soviet security forces from them before demarcation of the frontier can be discussed. [REDACTED]

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Cuba is reorganizing its ministry of foreign affairs, apparently to prepare for eventual reconciliation with the US. [REDACTED]
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A new department will be created late this summer to deal with North American affairs. It will be headed by one Jose Raul Viera Linares, a capable official who was partly educated in the US and served for six years with the Cuban UN mission in New York. The Cubans are still thinking of normalization of relations in long-range terms, however, and probably do not envision the resumption of ties prior to 1976 at the earliest.

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