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INSTRUCTIONS APPLY

TOP SECRET SENSITIVE

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FM THE SITUATION ROOM//TOHAK 11//
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DELIVER AT OPENING OF BUSINESS WH43320

TOHAK 11

NOVEMBER 18, 1974

MEMORANDUM FOR SECRETARY KISSINGER

FROM: THE SITUATION ROOM

SUBJECT: ADDITIONAL INFORMATION ITEMS

TAXATION OF CONTRACTORS IN THAILAND: THE THAI SUPREME COMMAND HAS INFORMED AMBASSADOR KINTNER THAT ALL U.S. SERVICE CONTRACTS MUST BE TRANSFERRED TO THAI COMPANIES BY DECEMBER 31, 1974. THIS WOULD REQUIRE U.S. DEFENSE CONTRACT FIRMS TO REGISTER IN THAILAND, PRESUMABLY THEN BECOMING SUBJECT TO THAI LAWS AND TAXES. THE MAIN POINT AT ISSUE, HOWEVER, IS WHETHER U.S. FUNDS APPROPRIATED FOR THE COMMON DEFENSE ARE SUBJECT TO TAXATION BY GOVERNMENTS OF COUNTRIES WHICH BENEFIT FROM THIS EXPENDITURE.

STATE AND DEFENSE STRONGLY OPPOSE ACCEDING TO THE THAI DEMAND IN THAT EVERY COUNTRY IN WHICH SIGNIFICANT NUMBERS OF U.S. FORCES ARE STATIONED IN FURTHERANCE OF THE COMMON DEFENSE HAS MADE SOME KIND OF PROVISION FOR TAX EXEMPTION FOR U.S. PROCUREMENT OF GOODS AND SERVICES IN SUPPORT OF SUCH FORCES. ACCORDINGLY, DOD WILL SUGGEST THAT AMBASSADOR KINTNER INFORM THE THAI THAT WE WOULD BE WILLING TO OBTAIN THE SERVICES PERFORMED BY CURRENT U.S. CONTRACTORS FROM THAI-REGISTERED FIRMS. IF THE THAI INSIST THAT TAXES BE PAID ON THESE CONTRACTS, WE WILL DO SO UNDER PROTEST WITH THE FUNDS BEING DEPOSITED IN A SPECIAL ACCOUNT UNTIL THE ISSUE IS RESOLVED. IF THE THAI REMAIN ADAMANT, WE SHOULD INFORM THEM THAT THE U.S. WILL BE FORCED TO RECOUP THE AMOUNT OF TAXES PAID FROM U.S. ASSISTANCE FUNDS THAT MIGHT BE PROGRAMMED FOR THAILAND. (MCDONALD)

COMMANDER OF SOVIET BLACK SEA FLEET TO VISIT SYRIA: IN A BROADCAST TO THE ARAB WORLD TODAY, MOSCOW ANNOUNCED THAT VICE ADMIRAL KHOVRIN, COMMANDER OF THE SOVIET BLACK SEA FLEET, WOULD PAY AN OFFICIAL VISIT TO THE SYRIAN PORT OF LATAKIA FROM NOVEMBER 20 TO 25. A KYNDA-CLASS GUIDED MISSILE LIGHT

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CRUISER WITH THE ADMIRAL EMBARKED ENTERED THE MEDITERRANEAN FRIDAY. A KASHIN-CLASS GUIDED MISSILE FRIGATE AND AN F-CLASS DIESEL ATTACK SUBMARINE WILL LIKELY JOIN THE CRUISER FOR THE VISIT. THE BLACK SEA CINC WAS LAST EMBARKED ON A DEPLOYED SHIP IN SEPTEMBER AND OCTOBER, 1973 FOR A PORT CALL TO SPLIT, YUGOSLAVIA. DIA COMMENTS THAT THE VISIT TO SYRIA WILL EFFECTIVELY SHOW THE SOVIET FLAG DURING A TIME OF INCREASED TENSION IN THE AREA AS WELL AS DEMONSTRATE CONTINUING SUPPORT FOR THE ARAB WORLD IN GENERAL AND SYRIA IN PARTICULAR. SECOND SOVIET MIG-23 HAS CRASHED: ON NOVEMBER 14 A MIG-23/ FLOGGER TRAINER DEVELOPED AN AFTERBURNER FIRE DURING TAKEOFF FROM SAIULIAI AIRFIELD, LOCATED JUST NORTH OF THE SOVIET-POLISH BORDER. THE REGIONAL TACTICAL CONTROL AT SAIULIAI INSTRUCTED THE CREW TO EJECT AND LATER REPORTED SEEING TWO PARACHUTES. THE CRASH REPRESENTS THE SECOND RECENT FLOGGER LOSS. THE FIRST OCCURRED ON OCTOBER 31 AND ALSO INVOLVED A FLOGGER FROM SAIULIAI. A STAND DOWN OF FLOGGERS AT SAIULIAI AIRFIELD IS IN EFFECT BUT NO OVERALL GROUNDING OF FLOGGER, WHICH WOULD BE ASSOCIATED WITH A MAJOR RELIABILITY PROBLEM, HAS OCCURRED.

AFTERMATH OF QUITO CONFERENCE: FOLLOWING DEFEAT OF A PROPOSAL TO LIFT OAS SANCTIONS AGAINST CUBA AT THE CONFERENCE IN QUITO LAST WEEK, A NUMBER OF MEMBER NATIONS OF THE OAS ARE SEEKING SOME MEANS TO DEFUSE THE CUBA QUESTION AND ENSURE THE CONTINUING VITALITY OF THE OAS AND THE INTER-AMERICAN SYSTEM. THE CHILEAN REPRESENTATIVE TO THE OAS IS RECOMMENDING TO HIS GOVERNMENT THAT A PROPOSAL BE MADE TO THE NEXT MEETING OF THE OAS SPECIAL COMMITTEE ON REORGANIZATION OF THE SYSTEM TO PUT FORWARD A SPECIAL PROTOCOL PROVIDING FOR TERMINATION OF SANCTIONS UNDER THE RIO TREATY BY SIMPLE MAJORITY VOTE RATHER THAN THE TWO-THIRDS VOTE NOW REQUIRED. THE CHILEAN BELIEVES SUCH A SPECIAL PROTOCOL COULD GAIN PROMPT RATIFICATION BY MEMBER COUNTRIES AND THAT THEREAFTER A DISCUSSION OF THE CUBA SANCTIONS WOULD RESULT IN THEIR TERMINATION BY MAJORITY VOTE. THE CHILEAN'S PROPOSAL IS PROMPTED BY DEEP CONCERN OVER THE FUTURE EFFECTIVENESS OF THE RIO TREATY, ON WHICH CHILE DEPENDS FOR ITS DEFENSE FROM EXTERNAL ATTACK, AND BY A BELIEF IN THE DESIRABILITY OF CREATING A LEGAL BASIS FOR FREEDOM OF ACTION WITH RESPECT TO CUBA SANCTIONS. GIVEN ITS POSITION REGARDING CUBAN INTERVENTION IN CHILE'S AFFAIRS, A DECISION BY THE CHILEAN GOVERNMENT TO SPONSOR (OR EVEN SUPPORT) SUCH A FORMULA WOULD BE SIGNIFICANT AND COULD HAVE A BENEFICIAL EFFECT ON CHILE'S INTERNATIONAL IMAGE. (LOW)

[REDACTED] THE TUNNEL, WHICH WAS DISCOVERED ON NOVEMBER 14, RUNS IN A NORTHWEST TO SOUTHEAST DIRECTION FOLLOWING THE NATURAL CONTOURS OF THE AREA. THE TUNNEL IS EQUIPPED WITH 220-VOLT LIGHTING. THE

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