

THE WHITE HOUSE

WASHINGTON

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July 26, 1973

MEMORANDUM FOR MR. KISSINGER

FROM: The Situation Room

SUBJECT: Noon Notes

Concern Over Dikes in North Vietnam: Recent North Vietnamese press reports suggest that the Government is still seriously concerned over the ability of its dike system to withstand flooding during the rainy season. Last month an editorial in Nhan Dan stated that the dike sections repaired after the severe 1971 floods had not been fully tested and that all damage to the dikes might not have been discovered. Other commentators have pointed out that dike construction is behind schedule this year; that sloppy construction and the use of improper materials is frequent; and that systematic inspection, repair, and management of dikes is loosely organized. One of the prime factors in these shortcomings is lack of motivation. For the first time in almost a decade, there is no war to justify drafting the sort of labor needed for major dike projects. So far, the rainy season this year has been unexceptional. The one tropical cyclone thus far caused little damage. Indeed, it brought much-needed rain to the southern Delta area, where drought conditions had threatened the rice crop.

Dong's Tour of Eastern Europe: Pham Van Dong's party-government delegation is now in Warsaw on the second leg of its swing through Eastern Europe. Not surprisingly, the North Vietnamese have been hearing much the same tune from their Hungarian and Polish hosts that they heard from the Soviets, although the East Europeans are probably putting more emphasis on the problems concerning the ICCS. In line with the Soviets, Budapest announced that Vietnamese obligations under past Hungarian credit arrangements would be canceled. In contrast to Moscow, where the Soviets and the North Vietnamese could do no more than work out an "agreement in principle" on aid, Hanoi's delegation secured an agreement in Budapest on "free credit and military assistance" for 1974. A similar accord will probably be worked out in Warsaw. The North Vietnamese apparently will visit Romania after they leave Poland. They may go on to Sweden and Algeria after their tour of Eastern Europe.

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Japanese Aid to Indochina: The Japanese Government has confirmed its intention to provide South Vietnam with short-term humanitarian aid this year and longer-term reconstruction and development aid through a consultative group which it hopes can be established soon. The Foreign Ministry is considering about \$50 million in grants and loans for humanitarian, social, and balance of payments purposes this year. The U.S. negotiators in Tokyo expect the Japanese to have a firm position at least on the total level of 1973 assistance by next week. No announcement of payment of funds would take place until after the extended session of the Diet ends on September 28, however, because the Government would have to request specific appropriation if the Diet were still meeting. The negotiators report that Japanese willingness to move ahead on bilateral aid to South Vietnam was considerably influenced by Secretary Rogers' extremely cordial talks with Foreign Minister Ohira.

Soviets Rebuff Chinese Claim to Key Border Island: In a telegram on July 20 to the senior Chinese member of the Sino-Soviet Navigation Committee, the Soviets again refused Peking's claim to Big Ussuri Island (called Hei-hsai-tzu by the Chinese), which lies directly opposite Khabarovsk. The telegram also noted that the Navigation Committee had no "decision-making authority" and therefore could not respond to the Chinese request to send several cargo ships around the northern side of the island. In turning aside this request, the Soviets are trying to get the Chinese to ask permission for the voyage from Soviet border patrol authorities. The Chinese have never been willing to do this because it would be tantamount to recognizing the Soviet claim to ownership of the island.

USSR Agrees to Iranian Price Hike: After hard bargaining, Moscow has agreed to raise the price paid for Iranian natural gas by 35 percent. Iran's gas deliveries, which are exchanged for Soviet military and economic credits, amounted to \$62.4 million in 1972. Afghanistan is now negotiating with the USSR for a similar hike in gas prices.

Trouble in New Afghan Government: Both Wahid Abdullah, a confidant of President Daud, and Wahid Karim, a Foreign Ministry official, sought the advice of Ambassador Neumann, at Daud's instruction, on the consequences of governmental inaction, particularly the

economic costs of the lack of policy direction. They are concerned about the possibility of disunity at the top. There is also concern about talk that this was a "Red coup" and that Afghanistan is now more subject to Soviet direction.

The Ambassador comments that these discussions furnish sobering evidence that the new government is groping in the dark. It seems increasingly clear that Daud was not ready to assume the duties of head of state at the time of the coup and highly probable that there is dissention at the top over what needs to be done.

Reason for Hijacking JAL Plane: A guerrilla organization calling itself "Sons of Occupied Territory" claimed today that it seized and blew up the Japanese Airlines jumbo airliner because the Japanese Government paid six million dollars to Israel following the attack against Lydda Airport in Tel Aviv last year.