



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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8 JULY 1965

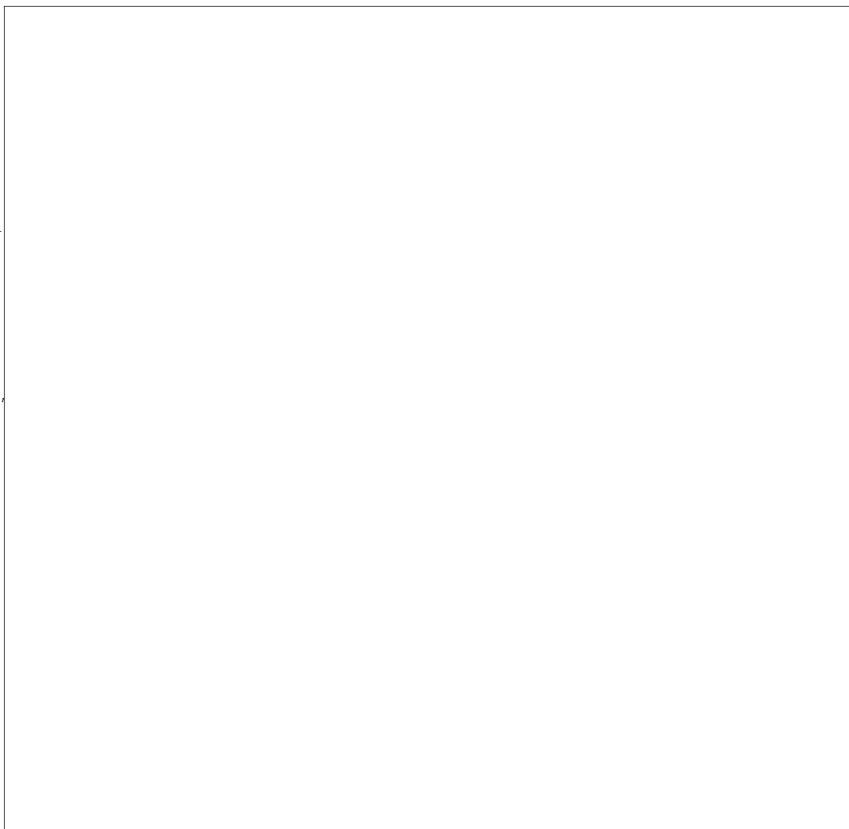
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**DAILY BRIEF
8 JULY 1965**

1. North Vietnam

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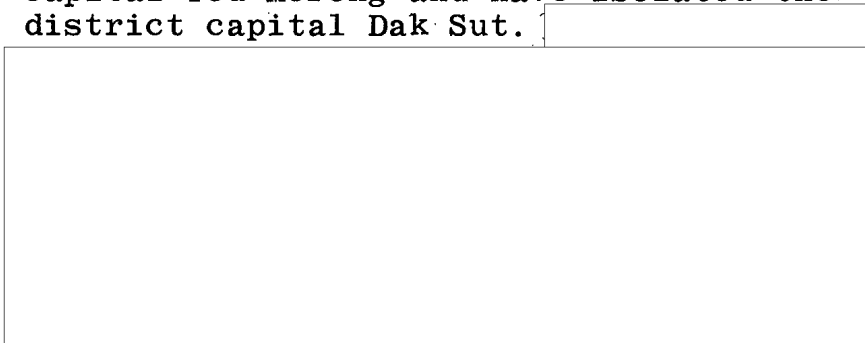


2. South Vietnam

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The Viet Cong are keeping the pressure on South Vietnam's highland provinces. Communist mortars today hit Kontum town, the provincial capital. Elsewhere in the province, government marines retook the district capital town of Dak To. The Communists still hold the district capital Tou Morong and have isolated the district capital Dak Sut.

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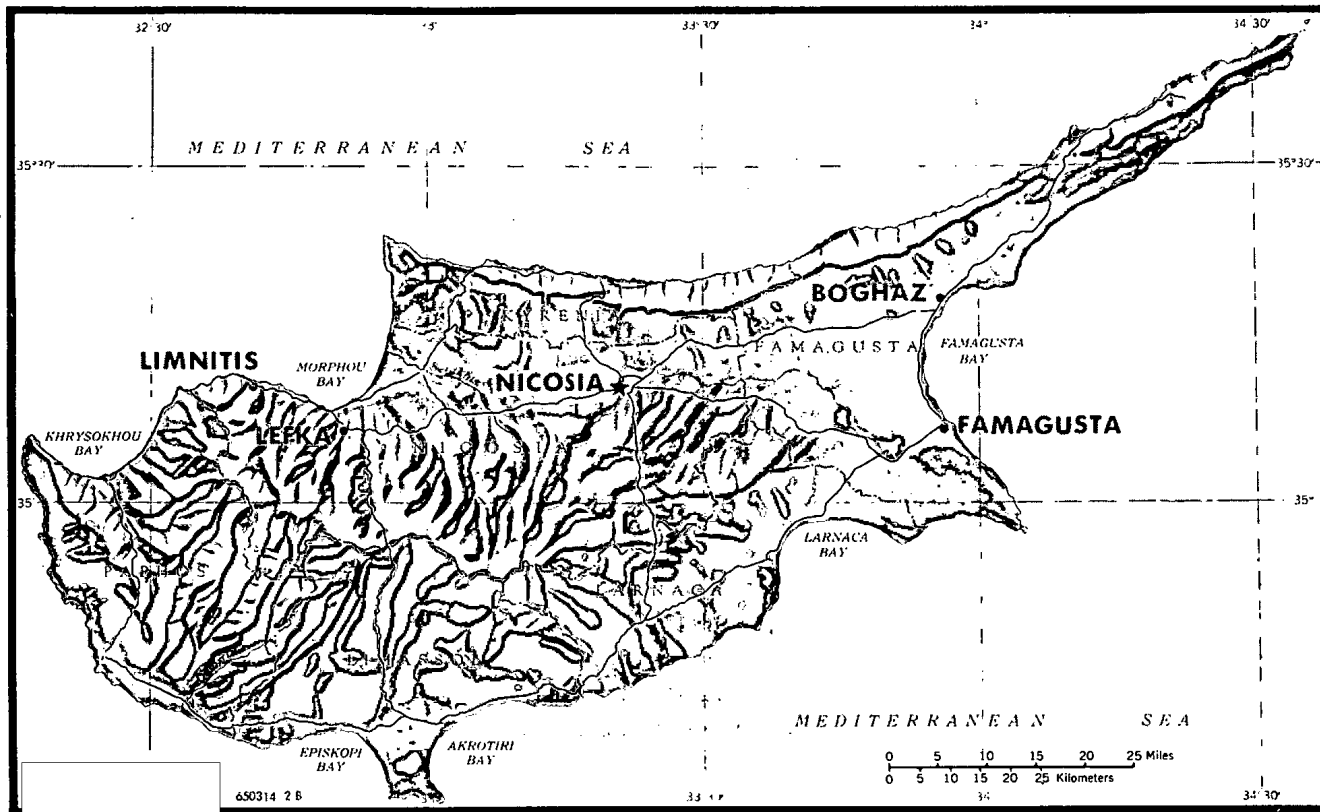
The security alert in Saigon reported by the press today was probably related to the arrest of one of Colonel Pham Ngoc Thao's cohorts. Thao, the leader of February's abortive coup attempt, is still in hiding.

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CYPRUS



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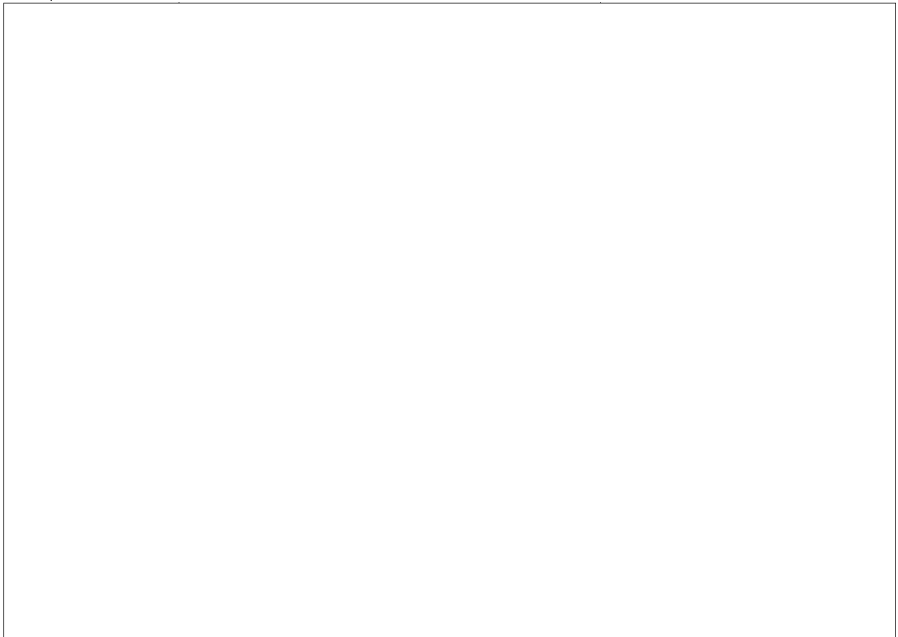
3. Common Market

French moves over the past few days make it abundantly clear that Paris not only hopes to intimidate the other Common Market countries on the issues in dispute but is out to cripple the community's institutional structure as well.

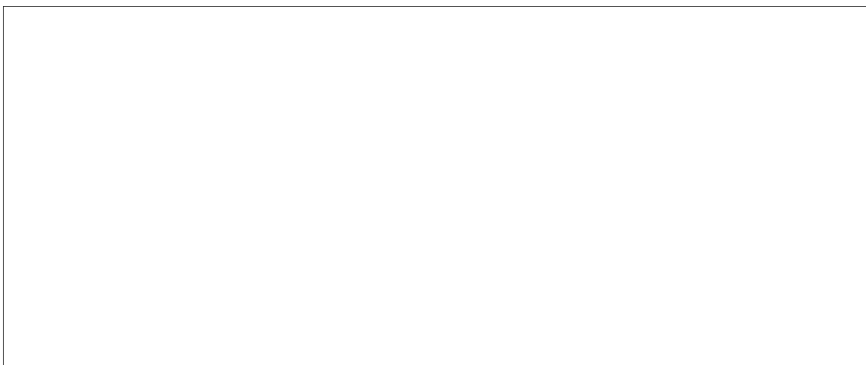
By boycotting all community meetings, the French are trying to force the other members to deal directly with Paris even in reaching a compromise. A review of the crisis is Annex 2.

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4. USSR



5. Cyprus



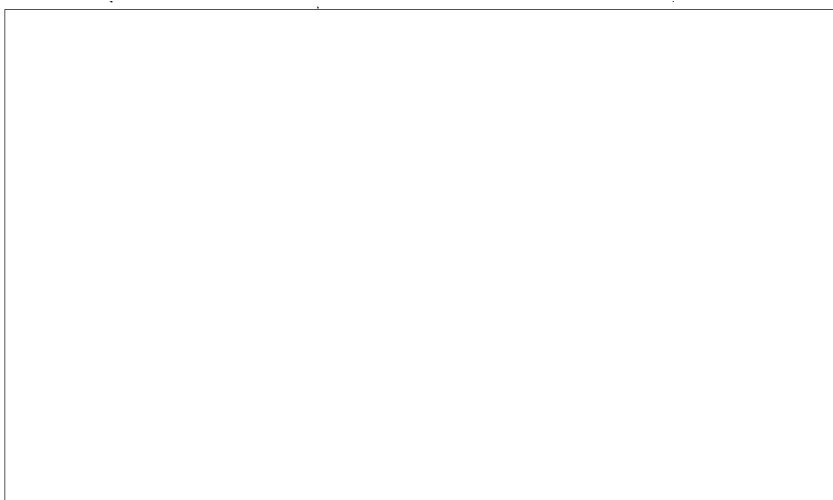
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6. Israel

The Israelis have asked the British and the French, as well as the US, to help discourage Lebanon from diverting the Jordan's headwaters. The French recently passed an Israeli message to President Helou advising him to stop work on the diversion. The Israelis may calculate that if these diplomatic moves fail to yield the desired results, they will be under less constraint to take military action.

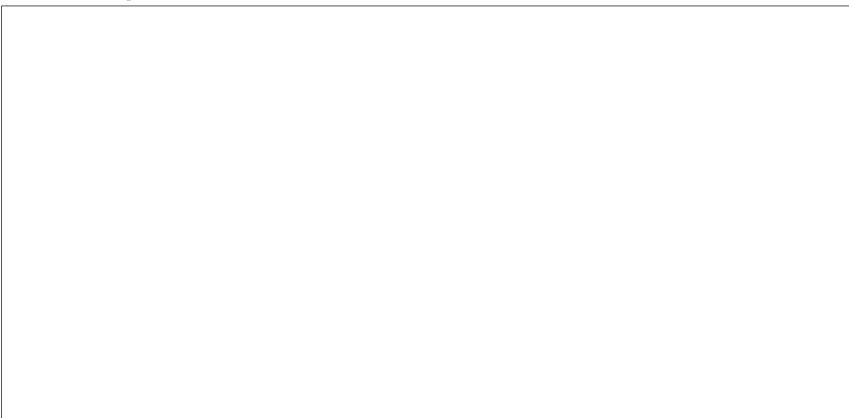
7. Laos



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8. South Korea

The Korean National Assembly convenes in Seoul next Monday, and an all-out legislative fight looms over the ratification of the recent Japan-Korea treaty.



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9. Ecuador

The loyalty of Ecuador's armed forces may be severely tested in this weekend's demonstrations.

So far, the military has stood by the junta in its recurring crises, but there are reports of growing dissatisfaction, especially in the army and air force.

Matters may be brought to a head by junta orders that security forces not fire on the demonstrators. This could put these forces on the spot since word of the orders has already gotten out and will encourage potential troublemakers to believe they can act with impunity.

10. Bolivia

The tempestuous tin miners near Huanuni will receive their first checks under the new reduced scales this weekend, and the government is braced for a strong reaction. La Paz is seriously considering ways of softening the real financial blow to the miners and is keeping a wary eye on extremist agitators.

11. Dominican Republic

The Organization of American States negotiating committee is trying to build up pressure on the Caamano group to withdraw its proposals and move along with the establishment of a provisional government.

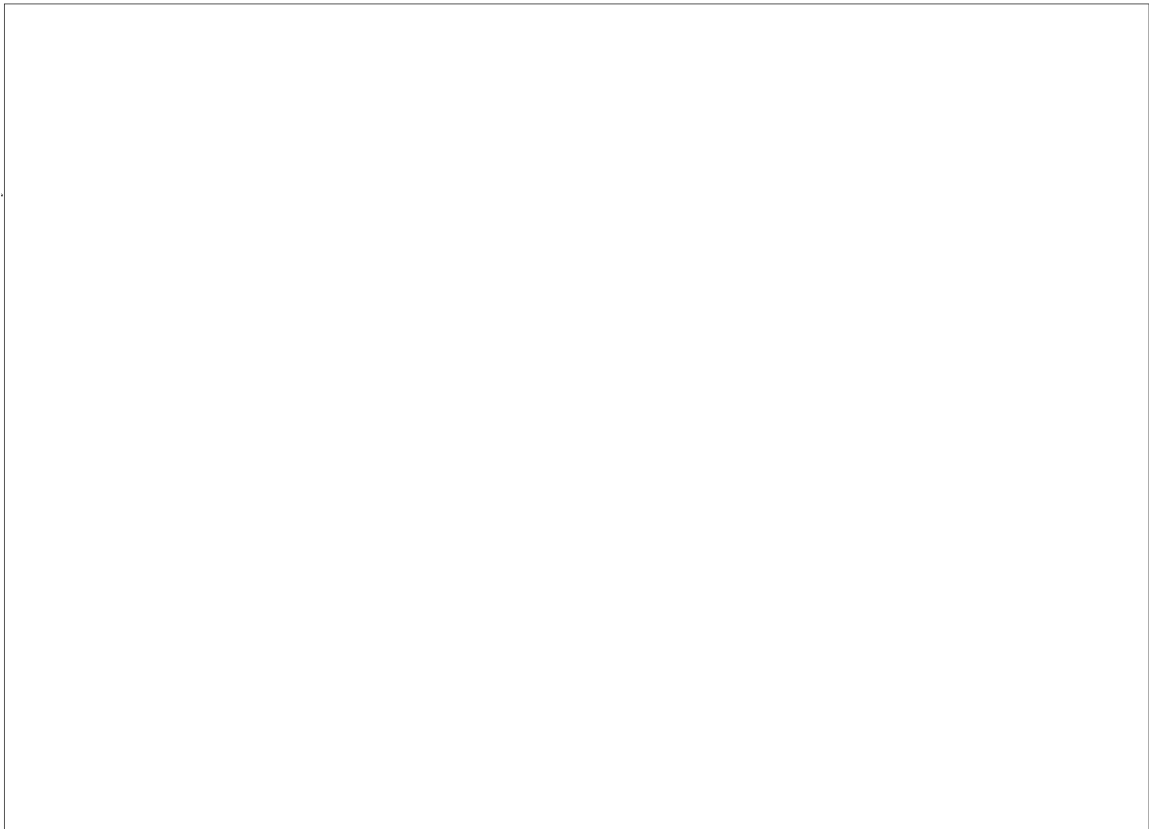
The committee may be getting close to agreement all around on Garcia Godoy as president and Read Barreras as vice president of such a government.

There were no other major developments reported today.

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ANNEX 2

Common Market Crisis

The failure of negotiations on 30 June on how to finance the Common Market's agricultural policy has now evolved into a test of strength between France on the one hand and the other five member countries and the Common Market Commission on the other. The immediate questions are technical and economic, but the underlying issue is De Gaulle's commitment to a "Europe of states" and his opposition to a federal organization of Europe with a strong European Parliament.

The crisis has arisen now because of De Gaulle's decision to force a confrontation over proposals made by the EEC Commission. These proposals attempted to extract concessions from the French on strengthening the European Parliament's powers to supervise community revenues in return for an early completion of the common agricultural policy (CAP) which largely serves French interests.

The French are now following a policy intended to put the Common Market in an indefinite "deep freeze." By refusing to attend any new community meetings, the French have blocked the community's decision-making machinery. They apparently hope to make the individual community members come to them through classical diplomatic channels.

The other five and the Commission still seem uncertain what to do. New Commission proposals have been drawn up, but it is not yet known if they will represent concessions to the French viewpoint or further isolate France.

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ANNEX 2 (Cont'd)

Should Paris succeed in gaining the acquiescence of the others under the threat of stalling indefinitely economic progress within the EEC, the damage to the community could be great. The others would have lost almost all the pressure they can exert on France to satisfy their own interests, among which figures largely the success of the Kennedy Round. The evolution of the community along democratic, federal lines might become impossible. The blocking of prospects for an effective European community would have repercussions on the subsequent development of NATO and the Atlantic partnership.

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