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CURRENT INTELLIGENCE WEEKLY SUMMARY

1 February 1963

THE WEEK IN BRIEF
(Information as of 1200 EST 31 Jan)

SOVIET FOREIGN POLICY DEVELOPMENTS . . . . . Page 3

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Soviet commentators maintained a cautious stance last week regarding developments in the nuclear test ban talks and the Common Market. A Soviet official in Geneva hinted privately, however, that Moscow believes progress toward a test ban may open the way for renewed high-level negotiations on a Berlin settlement. He reaffirmed the USSR's desire for a "thaw" in East-West relations and suggested that a foreign ministers' meeting to sign a test ban treaty would provide a suitable opportunity for discussing other problems such as Berlin. (Secret No Foreign Dissem)

SINO-SOVIET RELATIONS . . . . . Page 4

Communist China's first editorial comment on Sino-Soviet issues since the East German party congress was no less abusive than its propaganda before Khrushchev's call for a cessation of polemics. The latest round in the contest between the two nations has further demonstrated the lack of common ground upon which they can stand. (Confidential)

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THE SINO-INDIAN BORDER DISPUTE . . . . . Page 5

The interpretations of the loosely worded Colombo conference proposals made public in the past week by Peiping and New Delhi provide little ground for discussions. New Delhi is giving increasing play to the warmth and closeness of its relations with Moscow but, at Soviet request, has promised to avoid publicity concerning the recent arrival of four crated MIG-21 fighters in Bombay. (Secret No Foreign Dissem)

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THE CUBAN SITUATION . . . . . Page 7 25X1

With continuing Soviet military assistance and economic support, the Castro regime appears to be concentrating on an aggressive campaign of subversion in Latin America. Havana has announced that about 400 Soviet agricultural technicians are coming to Cuba over the next three months. Castro's guerrilla training program for Latin Americans is continuing, and Cuban leaders have given the impression that they consider the possibilities for subversive action to be especially promising in Venezuela. (Secret No Foreign Dissem)

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SOVIET ECONOMY IN 1962 . . . . . Page 9

Soviet heavy industrial development continued in 1962 to receive clear priority over consumer goods production and agriculture. In general, trends of the preceding year were maintained. There are signs of continuing difficulties, particularly in investment in certain key industries. (Confidential)

SINO-MONGOLIAN RELATIONS . . . . . Page 12

There has been some cooling in Sino-Mongolian relations as a result of Mongolia's role as Khrushchev's advocate in Asia. However, Chinese aid programs continue, and Peiping has not abandoned its practice of sending workers to labor-short Mongolia. Ulan Bator is attempting to expand its diplomatic contacts beyond its two quarreling neighbors by pushing for recognition from nonbloc countries. (Confidential) 25X1

DEVELOPMENTS IN THE CONGO . . . . . Page 13

Joseph Ileo, Leopoldville's new minister-resident in Elisabethville, has begun taking steps to reintegrate Katanga. Ileo has made it clear that his mission is to execute reintegration, not negotiate, and he is dealing firmly with Katangan attempts to obstruct him. Leopoldville is pressing hard for the introduction of additional Congo army forces into key cities in South Katanga, but is presently resisting Baluba tribal pressures for changes in Tshombé's government. Tshombé, trying to re-establish his authority, is insisting on rigid application of the UN reintegration plan and is trying to enlist the UN to referee differences between him and Leopoldville. (Confidential No Foreign Dissem)

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INSTABILITY CONTINUES IN TOGO . . . . . Page 15

The political situation in Togo has remained unstable since the assassination of President Olympio in mid-January. Behind Provisional President Grunitsky's weak leadership, the diverse factions represented in the cabinet and the military elements which staged the coup are involved in a power struggle. Grunitsky's authority has been undercut by the reluctance of countries in the moderate African group to extend diplomatic recognition. (Secret No Foreign Dissem)

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REFERENDUM IN IRAN . . . . . Page 16

The Shah's overwhelming victory in Iran's reform program referendum on 26 January will encourage him to accelerate reforms and possibly to advance the date of national elections now planned for June or July. The regime mustered a 99.9-percent affirmative vote, partly by intimidating the mullahs, the landlords, and the National Front. They appear to be demoralized temporarily, and probably have lost many supporters. Trouble for the regime is in prospect when workers and peasants find that progress toward implementing the reforms is slower than they have been led to expect. (Secret No Foreign Dissem)

INDONESIAN INTENTIONS TOWARD MALAYSIA . . . . . Page 17

Indonesia has announced a policy of "confrontation" with Malaya over the inclusion of the British Borneo territories in the projected Malaysia Federation. It reportedly is giving guerrilla training to both Indonesian and rebel elements, and a monthly training capacity of five or six hundred may have been reached. These moves have sharpened British and Malayan concern over Indonesian intentions in northern Borneo, and Britain has alerted troops in the UK and the Far East for movement to Borneo. (Secret No Foreign Dissem)

SOUTH KOREAN POLITICAL STRUGGLE . . . . . Page 18

Former security chief Kim Chong-pil has emerged from a fight for control of the new government party with his power intact for the time being, if not strengthened. However, the factional struggle within the regime almost certainly will continue, with Kim's enemies biding their time for a new opportunity to attack his position. The open struggle will make it more difficult for the regime to maintain the facade of free elections this spring. (Secret No Foreign Dissem)

THE POLITICAL SITUATION IN ITALY . . . . . Page 19

The parliamentary debate occasioned by the Communists' recent no-confidence motion in effect opened the campaign for national elections to be called some time this spring. Special attention in the debate focused on the new Italian defense position announced by Premier Fanfani following his Washington talks. The Nenni Socialists, in marked contrast to their position of a year ago, indicated no opposition to a NATO nuclear force. (Confidential No Foreign Dissem)

DENMARK'S FAEROE ISLANDS PROBLEM . . . . . Page 20

The new coalition government in the semiautonomous Faeroe Islands is expected to exert pressure on the Danish Government to revise the Home Rule Law of 1948 and the status of US and NATO defense facilities in the islands. One of the two principal parties in the coalition wants almost complete independence and removal of NATO installations. Danish officials will probably insist that special elections be called before any drastic changes are made. (Confidential)

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BRIEFS

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BRAZIL'S NEW CABINET . . . . . Page 21

Joao Goulart, who has recently received full presidential powers, appears to believe that he can strengthen leftist influences in Brazil without endangering the country's chances for sizable new economic aid from the United States. He has increased the number of leftists among his advisers as economic negotiations with Washington are about to begin. Brazil is seeking aid to avoid defaulting on its international obligations this spring. (Secret)

ARGENTINA'S FINANCIAL CRISIS . . . . . Page 22

The Argentine Government's present financial resources are inadequate to meet either foreign or domestic obligations. It is giving priority to paying foreign debts to encourage new aid from abroad in the present crisis. Meanwhile both the government and businesses are behind in salary payments, unemployment is growing, and living costs are rising. The economic and social unrest are jeopardizing preparations for the general elections scheduled for this June. (Secret No Foreign Dissem)

SPECIAL ARTICLES

THE CHINESE COMMUNIST NAVY . . . . . Page 1

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The Chinese Communist Navy, although numerically stronger than that of any other Asian country, is primarily a defensive force. Its largest vessels are four obsolescent Gordy-class destroyers acquired from the USSR before 1955, and no new construction of major vessels is likely in China unless Soviet assistance is resumed. The effectiveness of the submarine fleet, the fourth largest in the world, is limite by its apparent inability to engage in operations far from its bases. (Secret No Foreign Dissem)

TURKEY'S FIRST FIVE-YEAR PLAN . . . . . Page 4

Turkey will be making its first systematic effort to mobilize its resources when it officially puts its Five-Year Plan for economic development into effect on 1 March. By accelerating the rate of private and government investment, it aims to achieve a 7-percent annual growth in GNP. Recommendations for new taxes to finance the plan have been watered down, however, and an international consortium's offer of aid has fallen far short of Turkish hopes. Nevertheless, the Inonu government seeks early visible accomplishments that will provide the psychological stimulus necessary for the plan's success. (Confidential)

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