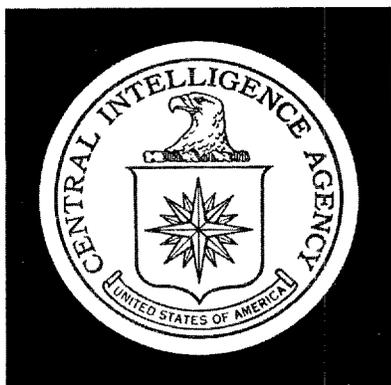


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DIRECTORATE OF
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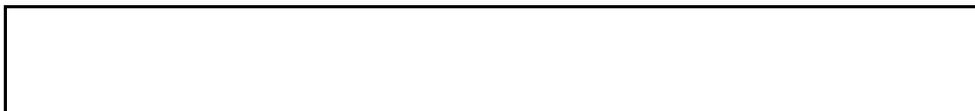
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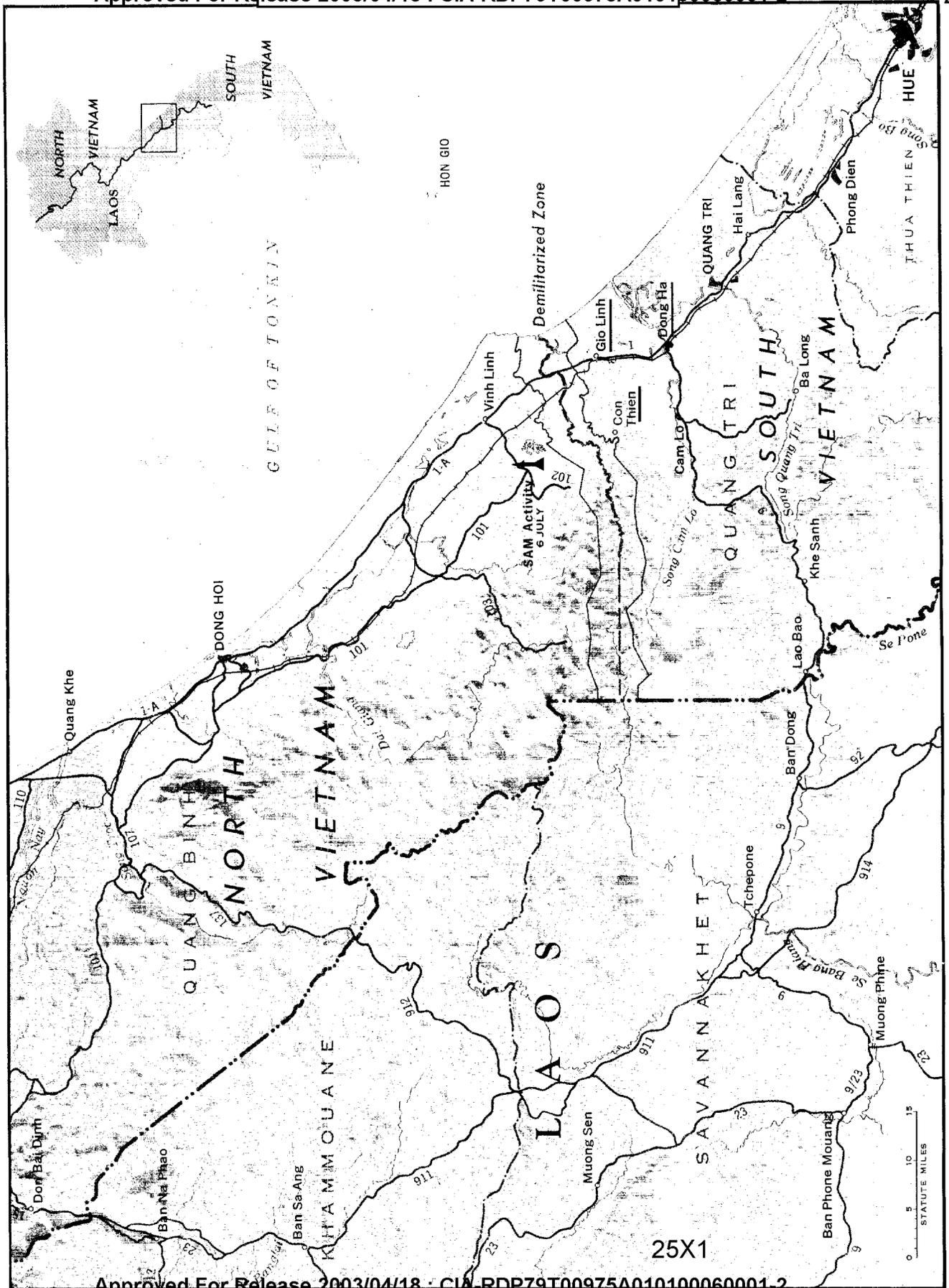
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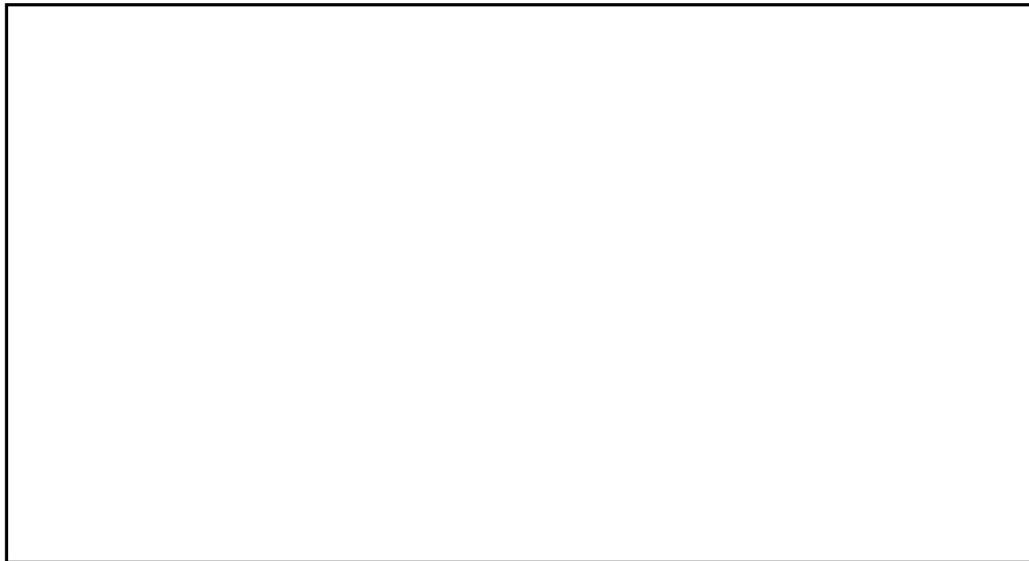
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*Vietnam: (Information as of 4:30 AM EDT)

Military Situation in South Vietnam. A company of US Marines, with strong artillery support, engaged an estimated 200-man enemy unit below the Demilitarized Zone (DMZ) near Con Thien on 7 July, killing 150 Communist troops but reporting no Marine casualties.

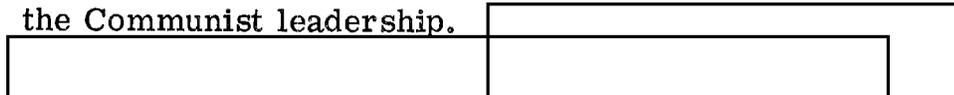
The Communists are continuing their mortar, artillery, and rocket attacks from positions within and north of the DMZ. Over 1,000 rounds fell on Marine strongholds at Con Thien, Gio Linh, and Dong Ha on 6 July, killing 13 Marines and wounding 36.

A US Marine A4E aircraft apparently was downed by a North Vietnamese surface-to-air missile (SAM) launched from just north of the DMZ. If confirmed, this would be the second US aircraft lost to SAMs in the DMZ area.
(Map)



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Communist Political Development: The Hanoi News Agency announced yesterday that General Nguyen Chi Thanh, a member of the North Vietnamese politburo and of the National Defense Council, died Thursday of a heart attack. Thanh was the clandestine leader of North Vietnamese forces in the South and was a noted hardliner in the Communist leadership.



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*Congo (Kinshasa): The mercenaries' rebellion may be subsiding, but it has raised the danger of widespread racial violence.

Congolese troops loyal to President Mobutu regained control of Bukavu on 7 July. The mercenaries seem to have left the city of their own volition. They departed in three different groups, each using a different road but all headed in the general direction of Kisangani (formerly Stanleyville). Their seemingly disorganized departure suggests the lack of a plan or objective. The Congolese appear to be back in control in Kisangani as well, and at least one planeload of mercenaries from there has reached Rhodesia.

The government's injunctions to keep Europeans under surveillance and the official radio's condemnation of the "Western" influences backing the mercenaries have stimulated antiwhite sentiment among Congolese in several parts of the Congo. Nine Europeans were bayoneted by Congolese troops near Lubumbashi (formerly Elisabethville) on 6 July, and there are reports of incidents or tension from elsewhere in Katanga Province, from Bukavu, and from Kasai-Occidental Province. The violence could subside as quickly as it began, but it could also intensify and precipitate a European exodus. [REDACTED]

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*Israel: Prime Minister Eshkol's public criticism of Defense Minister Dayan yesterday may lead to Dayan's resignation and a somewhat more flexible Israeli position on terms for a settlement with the Arabs.

With the war won, Dayan's primary usefulness to Eshkol has ended. Dayan's freewheeling pronouncements on the status of Israeli-occupied territories, moreover, especially his recent remarks about incorporating the Gaza Strip, have not helped his domestic position. All organs of the government have retracted his statements in toto. This development, together with the increasing credit being accorded Chief of Staff Rabin for Israel's victory, apparently encouraged Eshkol to meet Dayan's challenge publicly.

Dayan is unlikely to remain silent in the face of Eshkol's statement that the defense minister's "self-praise... is not honorable." Dayan's strength in political circles, however, does not yet appear to equal his popularity. He may therefore choose to withdraw for now, although he will remain a strong contender for eventual leadership of Eshkol's Mapai party and the government.

In the meantime, Eshkol's position within Mapai seems to have strengthened to the point where he can successfully resist Dayan's bid for readmittance. [redacted]

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[redacted] Dayan's Rafi party has encountered more difficulty than it had anticipated in talks with Mapai about a possible merger, primarily because of the slow improvement in Eshkol's image since the war. Thus, Dayan may well face at least temporary frustration in his bid to associate himself again with Mapai's powerful political machine. Rafi, with ex-premier Ben-Gurion as titular head, broke away from Mapai in 1965.

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Dayan's departure from the government would probably result in a more unified Israeli bargaining position vis-a-vis the Arabs. While that position may also be more flexible with regard to the future status of occupied territories, Eshkol and Foreign Minister Eban are certain to remain firm on such basic Israeli interests as the demilitarization of the occupied areas, transit rights through the Strait of Tiran, and access to Jewish holy places in the Jerusalem area. Any "softness" on such issues would only benefit Dayan.

[Redacted]

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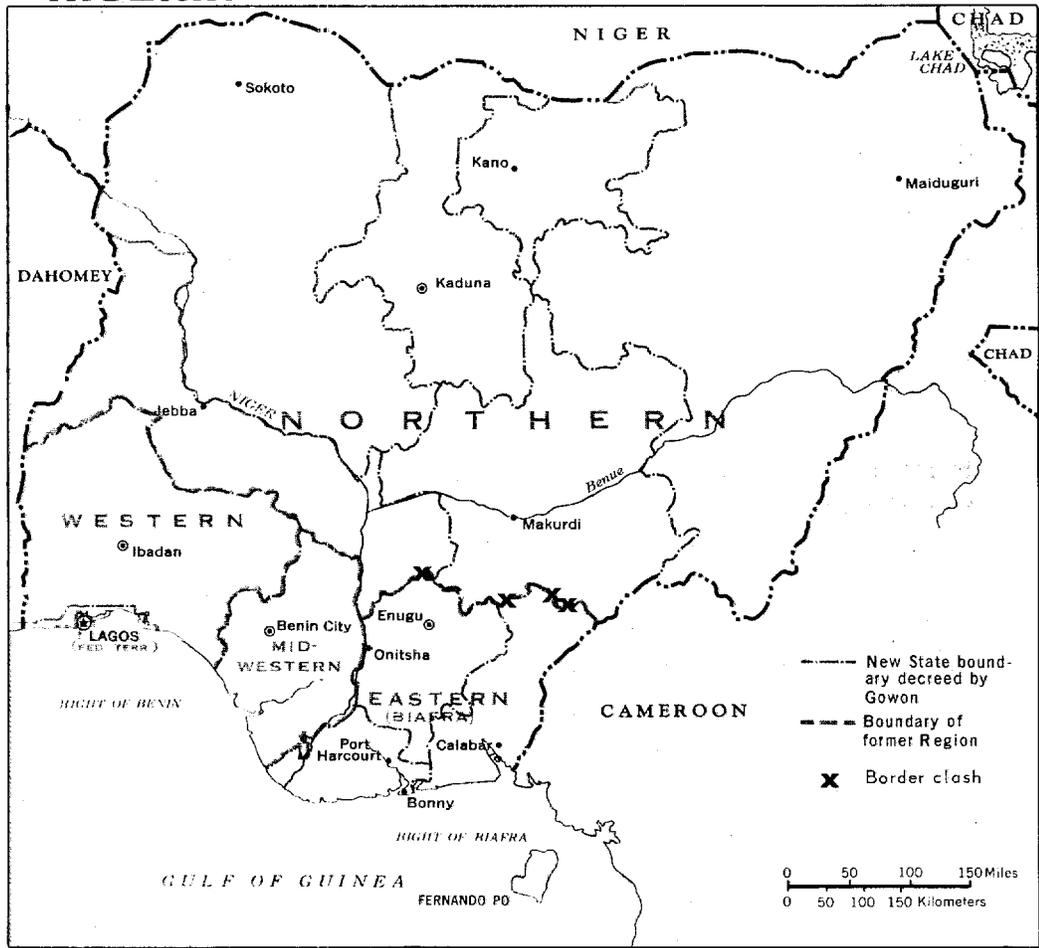
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NIGERIA



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*Nigeria: On 7 July Maj. Gen. Gowon ordered federal troops along the northern border with "Biafra" to begin the long-awaited invasion to regain control over the secessionist Eastern region.

Gowon's order may have been precipitated by probes across the border by the Northern-dominated army units that began early on 6 July. Reportedly he had not approved any such action but may have had to yield to his "hawkish" military advisers.

Although Lagos announced the capture of two important towns inside the border, Biafran Governor Ojukwu was reportedly relaxed and in good humor late last night. He told the US consul in Enugu that "no significant part of Biafran territory" was held by federal troops at that time.

US citizens remaining in the border areas--dependents were evacuated early in June--have now been or are being sent to safehavens. There does not appear to be any danger to US personnel at the present time.

[REDACTED]

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Morocco: King Hassan apparently intends to preserve his country's policy of pro-Western nonalignment in the face of rising antiregime criticism and pan-Arab and anti-Zionist agitation.

The appointment of Dr. Mohamed Benhima as premier in a government reorganization on 6 July seems to be a clear affirmation of the King's decision to hold his present course of maintaining strong ties with the US and other Western countries. Benhima, who has emerged increasingly during the past two years as a close confidant of the King, is friendly toward the US.

Benhima's appointment seems to reduce the power of several influential proponents of accommodation with extreme Arab viewpoints. It also gives the King, who relinquishes the premiership which he personally assumed 25 months ago, more political flexibility both at home and in Arab circles.

Other cabinet appointments reinforce the King's past policy of shifting his power base toward rural Berber elements and away from the cities. Several cabinet changes reflect the King's intention to take steps to improve Morocco's deteriorating economy.

The government also seems prepared, at the King's insistence, to take harsh measures, if necessary, to assure public order. Extremist elements within the left-wing Moroccan Labor Union, the country's most important labor organization, seem bent on a test of strength with the regime, and a faction of young Arab nationalists is attempting to wrest control of the country's most effective political party, Istiqlal, from its generally moderate leaders.

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NOTES

USSR: Moscow has finally announced the appointment of Soviet Marshal Yakubovsky as Warsaw Pact commander in chief. Rumanian objections to the naming of a Soviet military leader to the post apparently have held up the appointment since last April. The Tass announcement also identifies Yakubovsky as a first deputy minister of defense of the USSR, suggesting that the USSR may not have given in to the reported Rumanian demand that the new commander must not simultaneously be a member of the Soviet Government. [redacted]

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Libya: Libyan oil is still not being exported to the US, UK, or West Germany, but tankers of all nationalities are now free to load at Libyan ports. A strike by Libyan oil workers has been partially successful, but the use of foreign labor in several ports has allowed oil to flow uninterruptedly. The government has moved forcefully against union leaders and workers, reportedly jailing as many as 50. Although there was an unsuccessful bomb attempt against an Oasis oil company office in Tripoli, there have been no efforts to sabotage field installations, despite earlier union threats and government fears. [redacted]

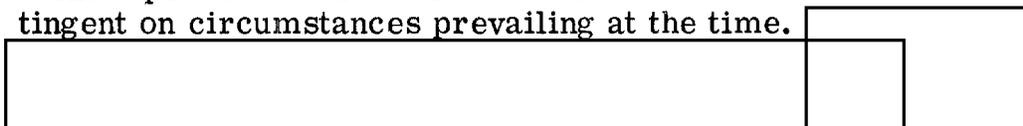
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UK - Far East: The US Embassy in London expects a public announcement before the end of this month by the British Government of its intention to withdraw all military forces from the Asian mainland by the mid-1970s. Malaysia, Singapore, Australia, New Zealand, and the US all have argued against making an announcement, which they feel could be almost as damaging to pro-Western interests in the area as the actual withdrawal. British officials who have counseled against such an announcement hope that it will at least make withdrawal contingent on circumstances prevailing at the time.



*Hong Kong: The Chinese Communists have apparently sharply stepped up their harassment of British authorities. On 8 July between 100 and 300 Chinese crossed the border into the village of Shau-tau-kok on the Hong Kong side and attacked a police outpost. After a skirmish in which three Hong Kong policemen and two Chinese infiltrators were killed, British military units were employed against the infiltrators--the first time the British have used military forces against Communist agitators. Infiltrators entered the same village late last month but no firefought occurred.



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