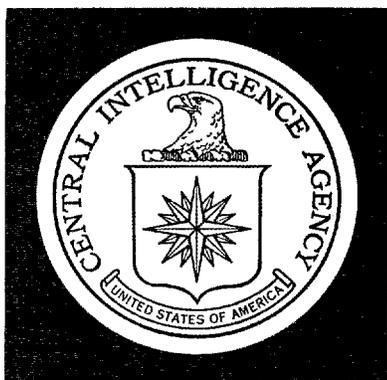


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10 January 1969

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South Vietnam: The evidence is increasing that the Communists are planning attacks on at least some selected provincial capitals as part of their next offensive.

Prisoners captured near Quang Ngai city in northern South Vietnam claim that planning for assaults on this provincial capital is in the final stages. Recently captured documents also reveal plans for sapper attacks on Qui Nhon on the coast. There is still no good indication of the nature of these attacks or evidence that the actions will be coordinated, but most of the reports indicate that in these areas the Communists could move before the end of the month.

On 8-9 January, the Communists fired mortars at several airfields and allied field positions in the highlands of II Corps, inflicting light damage. The heaviest ground fighting occurred along the Song Be infiltration corridor and in the vicinity of Loc Ninh, near the Cambodian border. (Map)

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France: The total embargo on arms and spare parts to Israel has provoked widespread domestic criticism, but this pressure is unlikely to end the embargo.

De Gaulle's decision was almost certainly a unilateral one, taken with even greater-than-usual disregard for his ministers. Cabinet members, including Foreign Minister Debre, were not consulted, and many of them are strongly opposed to the general's action. The great majority of officials at the Foreign Ministry disagree with De Gaulle over the decision, and at least one has described it as "an act of madness."

Only Communist and Gaullist newspapers have reacted favorably to the expansion of the embargo. The French minister of information, possibly in an effort to counter press criticism, has claimed that Israel's influence on the French press is strong.

[redacted] there is little expectation that De Gaulle will be challenged effectively by those who oppose the decision.

De Gaulle is genuinely concerned that war will again flare up in the Middle East unless some progress is made toward a settlement, but the embargo also serves to align his policies with those of the Soviets. French press sources comment that the decision to expand the embargo--which coincided with the opening of the French-Soviet economic and scientific talks in Paris--demonstrates in a "striking manner" De Gaulle's agreement with Moscow on the Middle East. France has pronounced the Soviet memorandum on the Middle East "acceptable in its general lines," but reiterated the need for four-power agreement. Paris may hope that Moscow will now lend further support to French efforts for concerted "big four" action.

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Warsaw Pact: A pact summit meeting will convene later this month, according to Rumanian officials.

Plans for a combined exercise in Rumania during 1969 presumably will be considered at the meeting, reportedly to be held in Warsaw. It may also deal with questions concerning the Council of Economic Mutual Assistance. Bucharest can expect to come under Soviet pressure to tie itself more closely to bloc organizations, but the Rumanians say they expect to "come out all right" from the meeting.

The Soviet position on bloc discipline, meanwhile, has been set out again in a major Soviet party newspaper which criticizes states that put national development ahead of "united action with the entire socialist community." Rumania was not named specifically, but a Rumanian journalist has indicated that the message came through to Bucharest.

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Panama: At least five of the eight civilian cabinet members have resigned, accusing military leaders of clamping the country under a dictatorship.

The cabinet break apparently followed a week-long dispute with the national guard leadership over delineation of ministerial authority. The ministers reportedly were dissatisfied with the interference of guard leaders Torrijos and Martinez in day-to-day administration. The guard may have been preparing to fire the ministers, presumably to appoint more pliable officials.

The cabinet members have denounced the junta for imposing measures "which affect liberty and security of persons, and that also will have negative consequences on the national economy." Recent arrests, strict censorship, and the closure of one major newspaper have led to growing uneasiness, particularly in the business community which fears that it may become the next target of the guard's actions.

the new civilian cabinet appointees are not believed to have ties to the country's entrenched oligarchy. This suggests that key guard leaders are trying to accelerate their self-proclaimed "revolutionary" reforms. If the colonels are breaking with the traditional elite, their next step will probably be an attempt to erect an independent power base.

While generally unrelated, another clash occurred yesterday morning between supporters of ousted president Arias and Panamanian military elements near the Costa Rican border. Two guardsmen reportedly were killed in this skirmish, the first noted in recent weeks.

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Cambodia: Impending rice shortages will add to the government's already substantial internal problems.

[REDACTED]

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[REDACTED] the recent drought, in combination with a marked cutback in planting, will lead to a serious reduction in rice production. [REDACTED] the current crop will yield one third less than last year's crop. In addition, [REDACTED] there will be a serious shortage of fresh water fish, the country's secondary staple. [REDACTED] remedial steps taken by the government have been too little and too late.

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[REDACTED] Prince Sihanouk has also warned of an extensive reduction. Cambodia should, however, be able to weather expected losses by reducing exports and falling back on reserves from last year's record crop.

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Nevertheless, Cambodia appears to be in for an economic squeeze it can ill afford in the face of countrywide dissidence. If a major food shortage occurs, economic dissatisfaction in the provinces could well grow to more serious proportions. The situation, however, may bring additional pressure on the government to accelerate programs to improve the lethargic economy. Phnom Penh recently decided, for instance, to seek more actively badly needed foreign investment and participation in international economic organizations. [REDACTED]

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Communist China: Political struggle at the provincial level appears to be intensifying as preparations for the ninth party congress go forward. The problems could force a delay in holding the party congress, which has been tentatively set for early spring.

In at least three provinces, officials who had been confirmed in their positions by Peking have been denounced in radiobroadcasts and presumably dismissed or demoted. Thus far the major casualty has apparently been Sinkiang's longtime military and political leader, Wang En-mao--the target of repeated attacks by radical forces earlier in the Cultural Revolution. He had survived those attacks to retain key positions in the new revolutionary government formed in Sinkiang last September.

Factional political conflicts have been taking place in at least four other provinces, according to posters seen in Peking by Western diplomats in the past two months. Some posters criticize provincial leaders still in official favor. Such posters representing partisan interests were often displayed during the peak of the Cultural Revolution but were rarely seen in the period of stabilization last fall.

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Pakistan: Eight opposition parties have announced the formation of a united movement and vowed to boycott the 1969-70 elections under the present indirect electoral system.

Opposition leaders had been conferring in East Pakistan since 3 January. Their formal statement, establishing a unified Democratic Action Committee, was necessarily couched in general terms to satisfy all participants. It called for a return to the parliamentary system, the institution of direct universal suffrage, and the restoration of various civil liberties. Conspicuous for their absence from the meeting were the traditionally independent pro-Peking leftists and the People's Party of ex - Foreign Minister Bhutto. These groups may join the antigovernment grouping later.

The Democratic Action Committee reportedly plans to stage nationwide marches and demonstrations beginning 17 January. Members will meet again in March to decide on further measures to keep the pressure on the government. The real test of unity will come, however, when the committee moves beyond general agitation to specific political decisions.

Despite the committee's announcement of an election boycott, informed sources indicate that the agitation is primarily designed to force the government to change the electoral ground rules and permit a fair contest. A number of opposition leaders are keeping themselves available as potential presidential candidates in the unlikely event that President Ayub should agree to direct elections.

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Italy: Italian military and civilian leaders are undecided whether to remain in the European consortium to build the multirole combat aircraft (MRCA).

The MRCA program--initiated in July 1968 by West Germany, the UK, Italy, and the Netherlands--has encountered many obstacles. An agreement has not yet been reached on financing the project or on sharing production. The West Germans and the British have, however, agreed to work independently on a basic design and on project financing for the plane. Consequently, two versions, both of which will be swing-wing, will be developed, one in each country.

Italy is still attending meetings of the consortium, even though many Italian Air Force officials argue that the MRCA is a more sophisticated aircraft than Italy needs. These officials believe that unilateral production of a domestic aircraft, with help in planning and design from an American company, would better fill the needs of the Italian Air Force. In addition to having an aircraft that was designed solely for them, an Italian aircraft, they contend, would bolster the country's prestige and provide additional work for domestic aircraft industries. Other options open to Italy include the purchase of a simpler aircraft, possibly a stripped-down version of the US F-4, or a cooperative venture with another country, such as France.

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Congo (Kinshasa): Recent key personnel changes by President Mobutu may lead to further jockeying for power, but do not now affect the President's position.

On 7 January, Mobutu dismissed Sureté chief Singa and Defense Ministry cabinet chief Malila and reassigned them as military attachés outside the country. Both men are protégés of the powerful finance minister, Victor Nendaka. Whatever Mobutu's motives, the result appears to be an important readjustment of the power balance among officials in the central government. Nendaka and his colleagues from Orientale Province have lost ground to the rival group from Equateur led by Foreign Minister Bomboko and army commander in chief Louis Bobozo.

Nendaka claims that the dismissals add these two important army officers to the ranks of the regime's opponents and may create future problems. Nendaka has openly professed his continuing loyalty to and support of Mobutu, but can be expected to maneuver behind the scenes to recoup his own position and particularly to undermine Bobozo. [redacted]

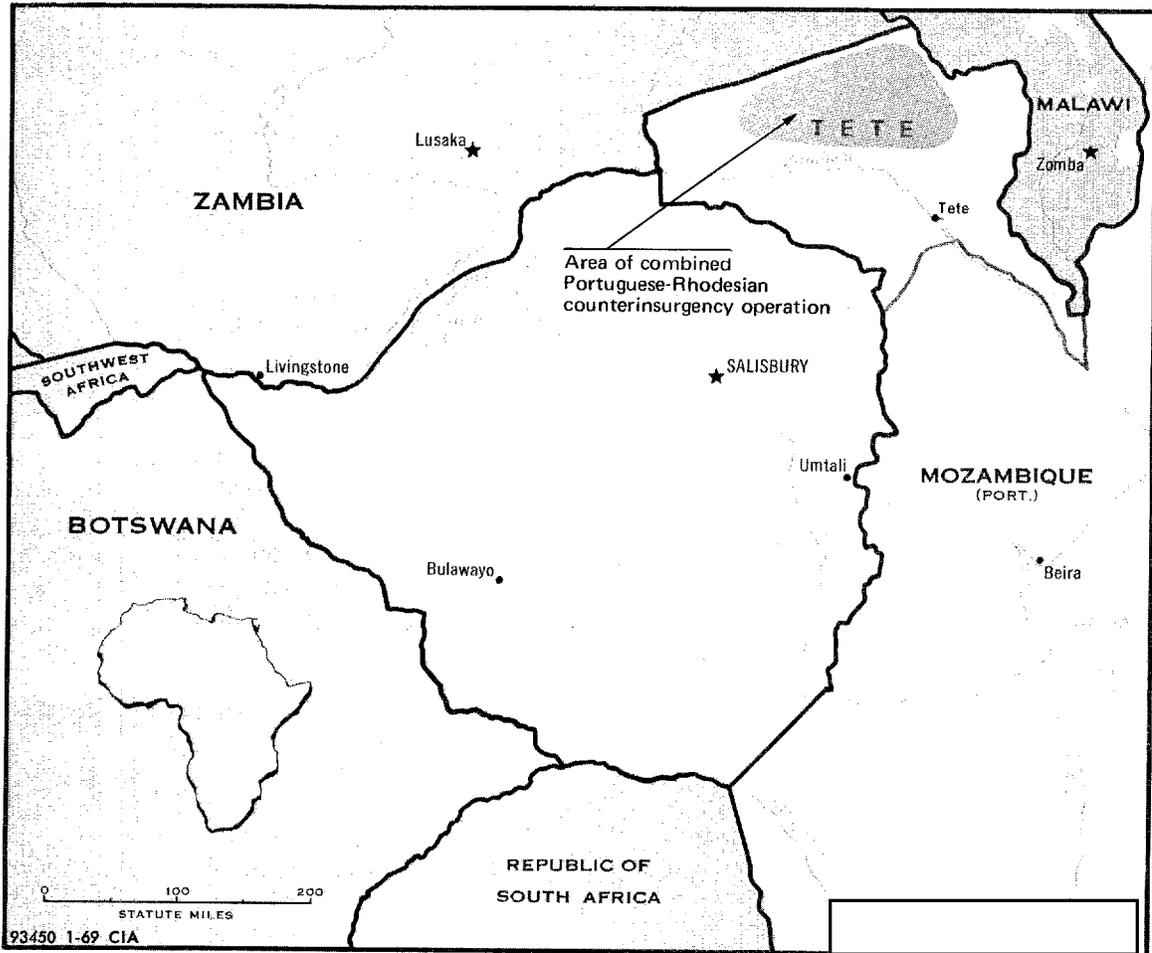
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Rhodesian Air Support Given Portuguese in Mozambique Operations



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Rhodesia-Mozambique: Portuguese military forces in Mozambique are now receiving direct tactical support from Rhodesia. For at least the last two months, Rhodesian Canberra bombers reportedly have been carrying out regular air strikes in conjunction with Portuguese ground operations in the northern Tete region. Although the two authorities have cooperated before in antiguerrilla sweeps along their mutual border, this is the first known use of Rhodesian aircraft to bolster Portuguese military units inside Mozambique itself. [REDACTED] (Map)

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Chile: The Communist-sponsored public employees strike on 8 and 9 January received only limited support, despite its endorsement by the labor department of President Frei's Christian Democratic Party. The party leadership disavowed this endorsement, and the failure of the strike has probably strengthened the position of party moderates in the campaign for the congressional elections in March.

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