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DIRECTORATE OF
INTELLIGENCE

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Secret
50

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SECRET

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Central Intelligence Bulletin

CONTENTS

Nigeria: General Gowon is trying to wrap up the war quickly. (Page 1)



25X6

Communist China: The Chinese have responded quickly to the earthquake disaster. (Page 3)



25X1

Congo (Kinshasa): Mobutu seems determined to purchase military equipment. (Page 5)

Cuba: Castro has admitted that the sugar harvest is somewhat behind schedule. (Page 6)

Dominican Republic: Balaguer has purged high ranking dissidents from the governing party. (Page 7)

Brazil: The economic growth rate last year set a record for the past two decades. (Page 8)

Czechoslovakia: The authorities are thinning the ranks of Western correspondents in Prague. (Page 9)

Israel-Egypt: Israeli airstrikes (Page 11)

East Germany - Yugoslavia: Strained relations (Page 11)

Chile: General Viaux (Page 12)



25X1

SECRET

SECRET

Nigeria: General Gowon appears to be trying to wrap up the war quickly and with as little bloodshed as possible.

Gowon is determined to disarm all the Biafran soldiers and to establish a federal presence throughout secessionist territory. Most, if not all, of Biafra's major towns have already been captured. The secessionist radio was operating yesterday, however, and it broadcast a second appeal by Biafran leader Effiong for a halt in the federal offensive.

General Gowon has so far ignored Effiong's offer to send an emissary to negotiate Biafra's return to the federation. Gowon probably wishes to avoid giving any hint that Biafrans will be given special status.

The Nigerian Government has directed that all foreign relief be channeled through federal authorities. The Nigerians are clearly sensitive about foreign concern over the relief problem, especially about repeated exhortations not to commit genocide.

In an effort to capitalize on this Nigerian sensitivity, the Soviets have branded Western relief aid as interference in Nigeria's affairs. This probably reflects Soviet concern that Lagos' dependence on the USSR for arms may soon decline and that the federal government may forget Moscow's steadfast support during the war. Moscow has also taken the lead in lauding the federal government for holding Nigeria together.

25X1

14 Jan 70

Central Intelligence Bulletin

1

SECRET

Page Denied

SECRET

Communist China: The Chinese have responded quickly to the earthquake disaster that occurred in Yunnan Province last week.

According to provincial radiobroadcasts, medical teams from Peking have been arriving in the stricken area near the capital city of K'un-ming and have immediately gone to work. Local army personnel have been busy rescuing injured people and attempting to preserve state and personal property. Area revolutionary committees and army teams have also mobilized the local population to begin clearing the rubble and rebuilding homes.

There are still no firm indications as to the specific areas involved, the extent of the damage, or the number of casualties, but it would appear from the substantial relief effort that Yunnan has suffered a major disaster. The population in K'un-ming city alone is around 800,000. Local authorities are having to contend with looting. A Yunnan broadcast has called on the army and the people to heighten their vigilance against class enemies who are taking advantage of the calamity to engage in "sabotage."

25X1

14 Jan 70

Central Intelligence Bulletin

3

SECRET

Page Denied

25X1

25X1

25X1

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25X1

SECRET

Congo (Kinshasa): President Mobutu seems determined to purchase large numbers of heavy armored cars and sophisticated jet fighter planes, because of his mounting fear of the radical regime in Congo (Brazzaville).

According to a source of the US defense attaché in Kinshasa, Mobutu has dispatched a ranking army officer to Paris and Rome to negotiate the purchase of 265 Panhard armored cars, 17 Mirage fighter planes, and 17 Fiat subsonic fighters. The source claims that negotiations have already begun for the Panhards, which alone could cost as much as \$20 million. Delivery of the planes and armored cars would be phased over a five-year period.

Although the Mobutu government is financially capable of handling such a deal, the net result would be an exorbitant diversion of assets from nonmilitary developmental programs to obtain armaments of dubious applicability for the Congo's security needs. Panhards are much too heavy to negotiate most rural roads, and the Mirage fighters would far exceed present training and logistic capabilities.

The most likely incentive for such a precipitate increase in military expenditures is Mobutu's fear that President Ngouabi of Congo (Brazzaville) and his foreign Communist supporters will increase their hitherto limited support for Mobutu's domestic enemies. Mobutu's obsession with the threat of subversion from this quarter has been intensified by Ngouabi's recent adoption of Communist governmental trappings and denunciations of Mobutu.

25X1

14 Jan 70

Central Intelligence Bulletin

5

SECRET

SECRET

Cuba: Castro has admitted that the 1970 sugar harvest is falling somewhat behind schedule.

In a broadcast progress report on the effort to produce a record ten million tons, Castro stated that heavy rainfall in several provinces last week has caused delays. He showed even more concern over the low production in Oriente and Camaguey provinces, traditionally abundant sugar areas, which have been free of weather problems. According to Castro, the schedule for the second million tons has already been set back some and could be delayed even further if workers do not redouble their efforts.

The tone of Castro's analysis was more somber than his previously optimistic statements, and he again warned that "soft people who fold up at the first difficulty" would not be tolerated by the regime. Should worker discipline falter this early in the harvest, the ten-million-ton goal would be seriously jeopardized, as the most arduous phase is yet to come.

25X1

14 Jan 70

Central Intelligence Bulletin

6

SECRET

SECRET

Dominican Republic: President Balaguer has purged high ranking dissidents from the governing party in his struggle for undisputed party leadership.

The mayors of the capital and of the nation's second largest city, both outspoken critics of any re-election bid by the President, were expelled from the Reformist Party for one year. Both have contested the action as illegal, but Balaguer can probably make the decision stick. Reformist party offices in the capital were guarded by police last week to prevent members who oppose Balaguer's re-election from entering.

This action is another reflection of the struggle for control of Reformist committees, a contest that has probably already been decided in the President's favor. Balaguer should be able to control the still unscheduled nominating convention with ease. Elections are only four months away, and some political observers have contended that Balaguer's reluctance to announce whether he will seek re-election means he will step aside and select a successor. Although such a course remains possible, Balaguer's maneuvering suggests more strongly that he will make a last minute re-election bid.

25X1

14 Jan 70

Central Intelligence Bulletin

7

SECRET

SECRET

Brazil: The economic growth rate last year exceeded all expectations and set a record for the past two decades.

Finance Minister Delfim Neto recently announced that output grew by 8.4 percent in 1969 compared with seven percent in 1968 and a 4.5 percent average since 1963. Production grew across the board, with a ten percent increase in industrial output and a small rise in agricultural production. Steel output, spurred by booming construction and increased demand for autos, climbed to five million metric tons, a 12 percent increase over 1968. Exports rose by 20 percent, reaching an all-time high of \$2.3 billion. Manufactured exports increased 30 percent and now account for 12 percent of total exports. Foreign exchange reserves are expected to increase by \$500 million.

The economic boom in the past two years reflects in part the improvement in the foreign exchange position brought about by the austerity program of 1964-67. The determined efforts by the military-dominated governments to impose political stability and to assure subsequent continuity of economic policy also have contributed.

25X1

14 Jan 70

Central Intelligence Bulletin

8

SECRET

SECRET

Czechoslovakia: The authorities are thinning the ranks of US and other Western correspondents in Prague.

The Husak regime's displeasure over Western news coverage of Czechoslovak events is increasing, as are its attempts to restrict the access of the populace to Western influences in general. Only one of seven American correspondents in Czechoslovakia in December has thus far received his accreditation for 1970.

Prague refused to renew the accreditation of the reporters for the Economist and the Christian Science Monitor ostensibly because they failed to establish residence in the country. Actually, spokesmen for the regime have implied that they were dissatisfied with the tenor of the reports filed by these journalists. The correspondent of the Chicago Daily News, meanwhile, is having trouble obtaining a visa in Vienna to return to Prague.

In the aftermath of the Soviet invasion, Prague authorities attempted to press Western correspondents to moderate their reporting by revoking accreditations. Since coming to power last April, however, the Husak leadership has demonstrated its distrust of US media by denying entry permits to the designated successors of some expelled newsmen and by closing the Prague bureau of the New York Times during the first anniversary of the intervention last August.

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14 Jan 70

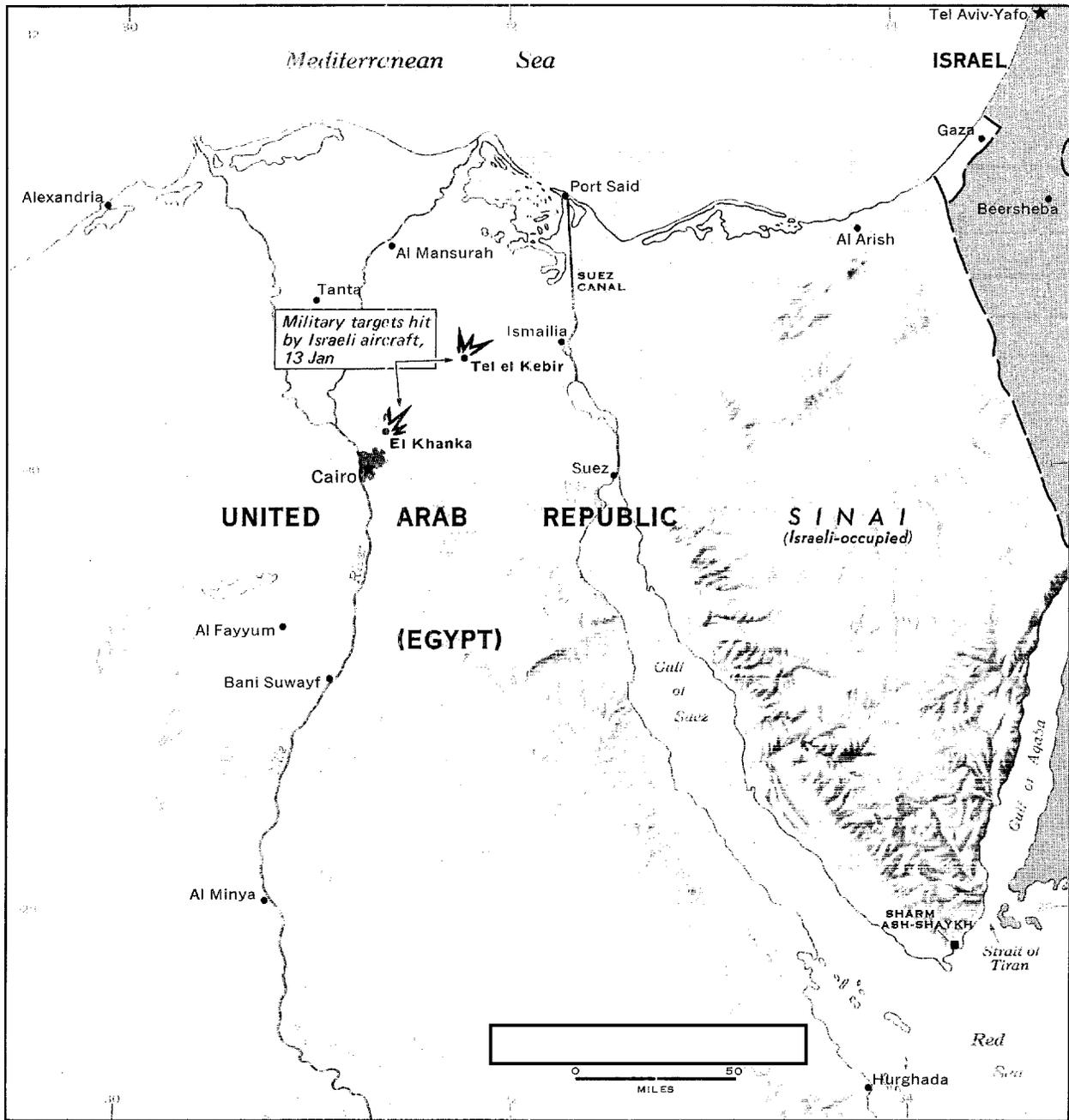
Central Intelligence Bulletin

9

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Israeli Aircraft Strike Closer to Cairo



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Israel-Egypt: Israel appears to be broadening its campaign to create domestic problems for Nasir. The recent Israeli airstrikes close to Cairo are probably intended to prove to the Egyptian people that Israel is able to fly almost unmolested over Egyptian territory and to prevent Nasir from minimizing these Israeli military actions as he does others. The Israelis are, of course, also eager to lure the Egyptian Air Force into combat, but their ultimate aim is the removal of Nasir. Most Israeli leaders have convinced themselves that he is the primary obstacle to a satisfactory peace settlement and the main instigator of Arab hostility toward Israel. [REDACTED]

* * * *

East Germany - Yugoslavia: Belgrade's refusal to receive the East German foreign minister at his "urgent" request prior to Tito's departure for Africa later this month probably will aggravate the already strained relations between the two governments. Why the East German wished to meet with the Yugoslavs is not known, but he may have planned to ask Tito to support Pankow's efforts to gain recognition from the African states. Tito would have denied any such request, but the refusal of the Yugoslavs even to receive the minister adds insult to injury. There have been recent indications, moreover, that East German - Yugoslav party relations are also quite strained. [REDACTED]

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14 Jan 70

Central Intelligence Bulletin

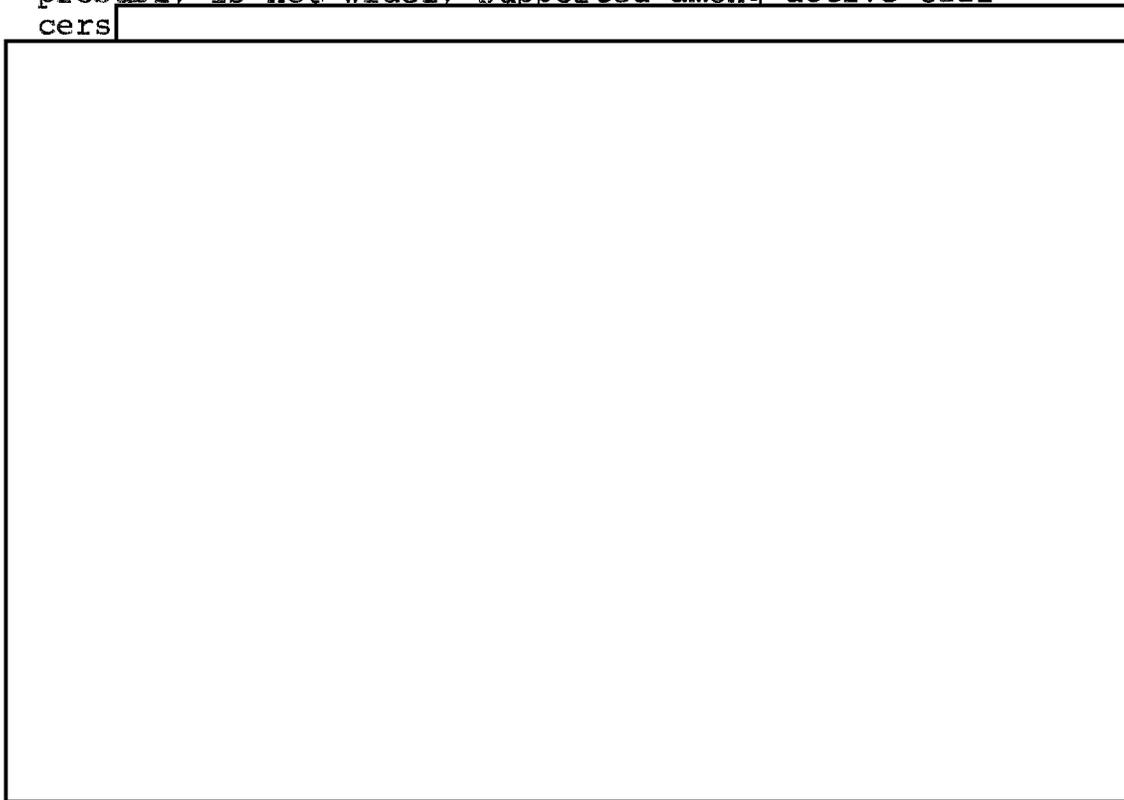
11

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SECRET

Chile: Retired General Roberto Viaux has issued a blistering statement charging that the army commander and the Frei government have broken pledges not to punish officers involved in the 21 October uprising of some army officers. Viaux and several other officers were court-martialed for leading the short revolt, which was instrumental in effecting needed pay raises and other improvements for the armed forces. His challenge to Chief of Staff Rene Schneider's right to moral leadership of the army probably is not widely supported among active officers

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25X1

14 Jan 70

Central Intelligence Bulletin

12

SECRET

Secret

1
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Secret