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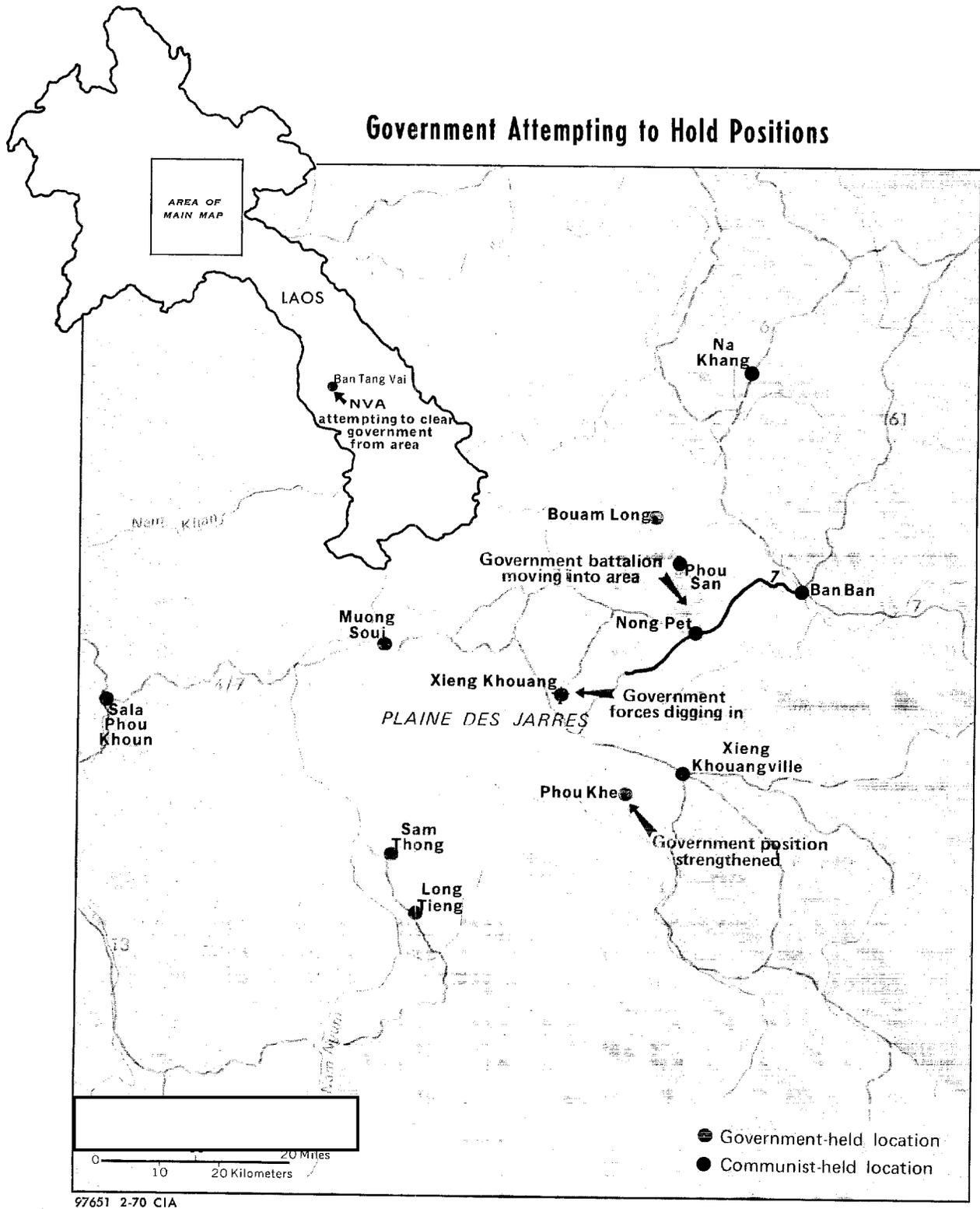
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*Laos: The government appears determined to defend its main base on the Plaine des Jarres.

General Vang Pao is further reinforcing the government command post at the Xieng Khouang airstrip, and the total force there is now estimated to be close to 2,000 troops. Although the government rebuffed a second major assault in a week against the base on 18 February, the situation could take a quick turn for the worse. [REDACTED]

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the general decided every effort would be made to hold the airfield rather than fall back in the face of a major enemy attack.

Communist forces are continuing to move onto the Plaine and now encircle the airstrip. Most supplies for the government troops are being air-dropped. The inherent danger in the buildup on both sides is the fact that the North Vietnamese are not only willing but, more important, capable of accepting whatever losses are necessary to overrun the base. The government, on the other hand, can ill-afford the high casualties resulting from an all-out North Vietnamese attack. The Communists apparently are convinced that capture of the airstrip will collapse the government's ability to hold the Plaine.

Vang Pao, in an attempt to turn the tables on the enemy, is planning to move a battalion-sized guerrilla force back into the Route 7 area near Nong Pet. The Meo leader hopes a move against this important Communist supply line will force the enemy to ease its pressure temporarily against the Plaine. The odds for success are not high, however, since the enemy has still to commit its full strength to the Plaine des Jarres campaign.

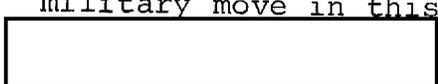
Southeast of the Plaine, Vang Pao is pulling a guerrilla battalion out of the vulnerable Xieng Khouangville area and repositioning them on top of

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Phou Khe in order to strengthen the government's hold on this important mountain.

In the central panhandle a North Vietnamese battalion is continuing its efforts to clear government forces from the Ban Tang Vai area. This increased activity is normal for this time of the year and at this time does not presage a major Communist military move in this area.



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*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Bureau of Intelligence and Research, Department of State.

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Philippines: The disturbances at the US Embassy in Manila on 18 February appear to have been encouraged by the government's attitude.

President Marcos and his aides have been trying since shortly after the outbreak of student agitation in the last week of January to deflect the student protests to the US. Some 200 to 300 radicals broke away from a generally peaceful student rally in a downtown plaza and proceeded to the embassy, despite attempts by organizers of the demonstration to head them off. Persistent radio reminders, perhaps inspired in part by the presidential palace, that demonstrators would move on the embassy probably encouraged the radicals.

Despite the government's awareness that demonstrations were likely, neither Manila police nor government security forces were present, and the very slow response to embassy calls for protection only strengthens the impression of government encouragement and acquiescence. Only moderate damage was inflicted at the embassy, however.

The government will probably persist in its efforts to make the US the target of the students, but it will have some difficulty in diverting the students' attention from their continuing strong focus on domestic issues.

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Japan - Communist China: The coming semiofficial trade talks with Peking apparently do not portend any Japanese effort to use this channel to improve relations.

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While these annual talks are of only modest economic importance to Japan, they are a subject of considerable interest to most Japanese as a symbol of popular desire to improve relations with Peking. For this reason Tokyo's policy is to appear forthcoming on the talks while not offering any significant concessions to the Chinese through this channel.

Interest in the talks is running especially high this year because of recent public statements by Sato and other top Japanese leaders on the importance of easing tensions with Peking. The most notable is Sato's proposal of ambassadorial-level talks with the Communist Chinese, if the latter were interested. These remarks are probably intended primarily for domestic political consumption, although Sato would like to leave the door open on this issue. Tokyo is especially anxious not to be left behind by any US initiative toward China and will be watching the Warsaw talks closely.

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USSR - Arms Control: The USSR, while agreeing to coordinate closely at the Geneva disarmament talks, still has significant differences with the US on specific issues.

Moscow continues to prefer a comprehensive ban on chemical and biological warfare, whereas the US favors an agreement at this time only on biological weapons. Soviet delegation chief Roshchin has noted that the USSR is prepared to consider broad measures of control for such an agreement. He emphasized, however, that Moscow is still opposed to on-site inspection.

Both sides want to complete a draft seabeds treaty at the current session, but Moscow wants to proceed rapidly in order to discourage further revisions from other members of the committee. The USSR was the first to introduce a treaty to prevent the use of the seabeds for military purposes and would like to get the matter out of the way. The Soviets apparently have accepted a Canadian amendment regarding verification and want to avoid further discussion.

Finally, Roshchin noted that the Geneva committee has not seriously treated the subject of general and complete disarmament for the past five years. He remarked that the time is ripe to discuss this item, a familiar Soviet propaganda ploy, again.

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Israel-UN: Israel may soon seek to take over the responsibility, now shouldered by the UN Relief and Works Agency (UNRWA), for 106,000 persons in the West Bank and Gaza Strip areas.

Since the 1948 armistice, a number of Arabs who did not fully meet UNRWA's criteria for registration as refugees have been carried on its rolls as "other claimants for relief." A large percentage of the persons in that category in Israeli-held territory are Bedouin tribesmen cut off from their traditional grazing lands. Because of the worsening security situation, especially in the Gaza area, the Israelis appear eager to tighten control over such groups as a first step toward solving the various aspects of the refugee problem.

[REDACTED]

A plan to control these persons under Israeli auspices has been developed. Criteria for welfare assistance might be tightened in the Gaza Strip to encourage movement to the West Bank. Housing and job assistance incentives would also be offered in the West Bank region. The UNRWA would be asked to continue certain services under contract with Israel, and food rations would be sought from the US and private welfare agencies, with the US as an official partner in the scheme.

UNRWA officials [REDACTED]

[REDACTED] do not appear likely to terminate this portion of their program voluntarily. They would probably refer any request to Secretary General Thant for possible consideration by the General Assembly. That action could aggravate the conflict over Israeli policies and practices in Arab territories occupied since the 1967 war.

[REDACTED]

Israel: The proposed new budget clearly indicates that the government does not intend to offset increased military spending with an austerity program.

Tel Aviv will instead depend on contributions from world Jewry and substantial new US aid to halt a serious deterioration in its balance of payments. Rapid economic growth together with record military imports last year caused Israel's foreign exchange reserves to decline from about \$670 million to a dangerous low of \$380 million. They are still falling.

The planned military imports, combined with other imports suggested by the expansionary budget, are expected to cause a deficit of \$1.1 billion this year. This would require a substantial increase in foreign gifts and other capital inflows. Such inflows of foreign exchange were less than \$700 million in 1968 and in 1969. They totaled only \$824 million in 1967, the year of the Six-Day War, when the emotional appeal of the Israeli cause was at its highest.

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Communist China - North Korea: The North Korean ambassador recently returned to Peking after an absence of over two years. This is the clearest indicator to date of a warming trend in Sino-Korean relations under way since last October, when a high-ranking Korean delegation attended China's 20th anniversary celebrations. Since then, the two countries have made some progress in resolving border and navigation problems that had developed during the past few years of strained relations.

It is unlikely that these developments will hamper Pyongyang's relations with Moscow, since the rapprochement is almost certainly predicated upon a belated Chinese acceptance of the North Korean independent line in international relations. Peking's acceptance of a "neutral" North Korea is another reflection of China's new diplomatic flexibility designed to relieve its isolation vis-a-vis the USSR.

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Brazil: The government adamantly opposes any efforts to relax trade restrictions against Cuba or to bring it back into the Organization of American States. The foreign minister issued an official communiqué Sunday reiterating this position. The next day, a military officer on President Medici's staff told the US defense attaché that Cuba's continued support for Brazilian terrorists, its granting of refuge to the Brazilians who kidnaped US Ambassador Elbrick, and its antigovernment propaganda broadcasts were some of the reasons why Brazil could not change its attitude toward the Castro regime.

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Colombia: Five air force officers will leave on 21 March for a tour of Europe to discuss the purchase of new military jets. The Colombians will spend some time in France, presumably inspecting the Mirage, but they will also check out the British Canberra, the Italian Fiat, and the Swedish Saab. The team will include economists who have the authority to discuss prices and purchase terms. Colombia has earmarked \$40 million for the new aircraft, but would like to arrange a deal that would include a trade for Colombian agricultural products, if possible. The jet purchase is in addition to Colombia's plans to buy a submarine.

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Bolivia: The Ovando government is sending a three-man team to Spain to learn more about Madrid's offer to operate the oil fields expropriated from the US-owned Bolivian Gulf Oil Company. The offer, [redacted] would have the Spanish state oil company operate the oil fields, complete the gas pipeline to Argentina, and share any profits with the Bolivian Government and Gulf. The team [redacted]

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[redacted] is composed of highly nationalistic petroleum experts who have stated flatly that Gulf will not be permitted to return to Bolivia under any circumstances. [redacted] the delegation will travel to the Soviet Union after the Spanish discussions are completed. [redacted]

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Italy:

[redacted] Giorgio Amendola, who has identified himself with a pro-Soviet position, is gaining influence in the party at the expense of Vice-Secretary Enrico Berlinguer. The latter is close to ailing Secretary General Longo and favors relative autonomy from the Soviet Union. The Rome press [redacted] [redacted] are alive with rumors that a pro-Amendola man will soon be nominated as a second vice-secretary to prevent an open clash between the two leaders. [redacted]

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Belgium: Prime Minister Eyskens has submitted to parliament proposals for a constitutional revision that may go far toward easing the century-old friction between the Flemish and Walloon communities. The key feature of the proposals, which were hammered out in lengthy negotiations, reportedly is an agreement to maintain officially the Flemish character of the Brussels suburbs while protecting the rights of the increasing numbers of French-speaking Walloons moving into the area. The leader of the opposition Liberals has promised that his party will consider the proposals, but he could not guarantee Liberal support, which is necessary for enactment. In any event, the risk of defections in this party as well as in the two coalition partners is great. [redacted]

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