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Central Intelligence Bulletin

DIA and DOS review(s) completed.

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8 December 1970

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Approved For Release 2003/08/21 : CIA-RDP79T00975A017700090001-6

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No. 0293/70
8 December 1970

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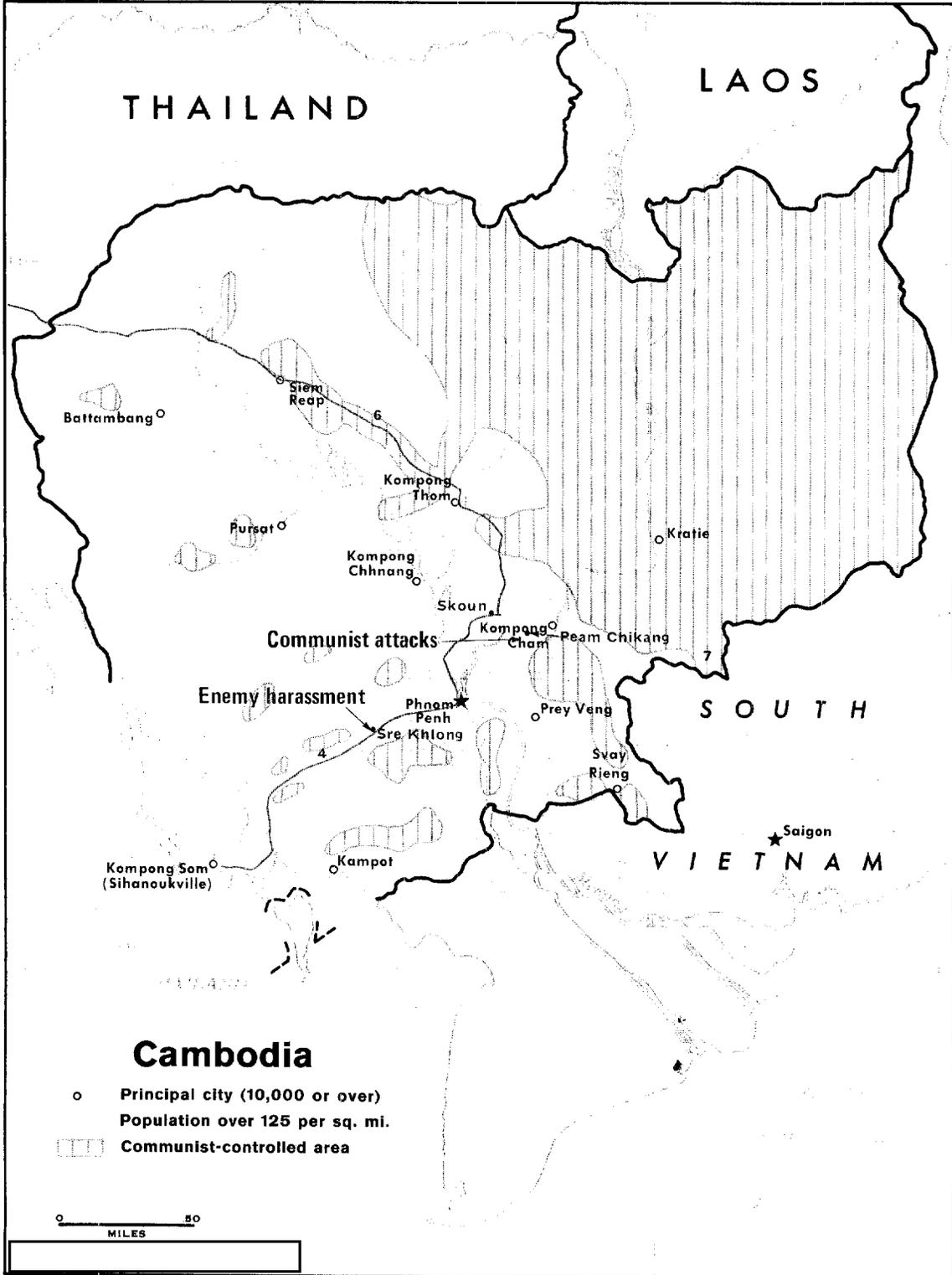
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Current Situation



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CAMBODIA: Government forces have suffered heavy losses as the Communists strengthen their position south of Kompong Cham city.

Communist attacks on 6 December on three government battalions clustered at Peam Chikang, a district headquarters town some ten miles southwest of Kompong Cham, evidently routed those forces. Before losing radio contact, the government commander at Peam Chikang claimed he had over 100 troops wounded, plus unknown numbers killed or missing. A senior Cambodian Army officer at Kompong Cham subsequently reported that more than 100 government soldiers had been killed in the fighting.

According to the US defense attaché, Phnom Penh has no new information on the fate of the three battalions. Although a handful of soldiers from one of the battalions has straggled into the nearby town of Prey Totung, it may be several days before they can be debriefed. [REDACTED]

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[REDACTED] The attacks on the town may have inflicted on the Cambodians their worst setback since the enemy began to step up military activity last month.

The Communists also retain the initiative on several other fronts, disrupting government efforts to reoccupy positions along major roadways. For example, enemy harassing attacks are still preventing government troops both from reopening Route 7 between Skoun and Kompong Cham city and from advancing beyond Sre Khlung on Route 4. [REDACTED]

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CHILE: President Allende's reliance on leftist extremists, including the Movement of the Revolutionary Left (MIR), is hampering the Communist Party's efforts to consolidate power.

Composed largely of upper-class radicals and not a member of the administration's Popular Unity (UP), the MIR has long been considered a major enemy by the Communist Party (PCCh). [REDACTED]

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Last week Allende imposed a truce that favors the MIR in a violent student confrontation between the MIR and the Communists. In this setback for the Communists, which has been well publicized, the MIR triumphed in heading a combined slate with the UP candidates for the University of Concepcion student elections on 10 December. The public appearance of three MIR leaders who have been fugitives from criminal charges for many months indicates the MIR's confidence in Allende's tolerance.

Meanwhile, high PCCh leaders have complained that Allende is indifferent toward UP congressmen, particularly Communists, and does not advise them of government planning. [REDACTED]

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USSR-CUBA: Negotiation of economic agreements covering the period from 1971 to 1975 has begun.

A Cuban delegation headed by Carlos Rafael Rodriguez, one of Fidel Castro's closest advisers, arrived in Moscow on 2 December to begin talks covering "economic cooperation" for the next five years. Lower-level discussions concerning the 1971 trade protocol had begun a week earlier. Rodriguez apparently is in Moscow to negotiate renewal of two long-term agreements: the basic trade agreement, which was signed in 1960 and renewed in 1965, and the 1964 sugar agreement under which the USSR is committed to purchase five million tons of Cuban sugar annually at six cents per pound.

Rodriguez also may be seeking new long-term Soviet credits. Cuba's utilization of about \$300 million in Soviet credits during 1970 has raised its total economic aid debt to the USSR to approximately \$2.7 billion. Given the outlook for future sugar crops, Havana probably will continue to need significant infusions of Soviet aid.

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POLAND: Party chief Gomulka has announced that grain imports from the USSR will reach a record level this year.

Imports of two million metric tons will be more than 50 percent above Soviet shipments in 1969, but still will leave another 500,000 tons to be purchased from Western suppliers. Domestic production still is unable to meet Poland's needs, and preliminary estimates of the 1970 grain crop indicate that it is no better than five years ago.

Despite rising demand, Gomulka also revealed that meat consumption during the coming year will have to remain at the 1969 level. The Polish consumer can expect shortages of pork to remain serious through mid-1971. Gomulka claimed that meat exports are half of what they were in 1965, and that further export cutbacks are not possible if Warsaw is to meet its hard-currency payment obligations to Western countries. Moreover, the regime has stated that it is unwilling to assume additional foreign debt in order to increase imports of agricultural commodities.

Gomulka hinted that prices might be hiked to dampen demand. The government may hesitate to do this, however, because of current consumer discontent.

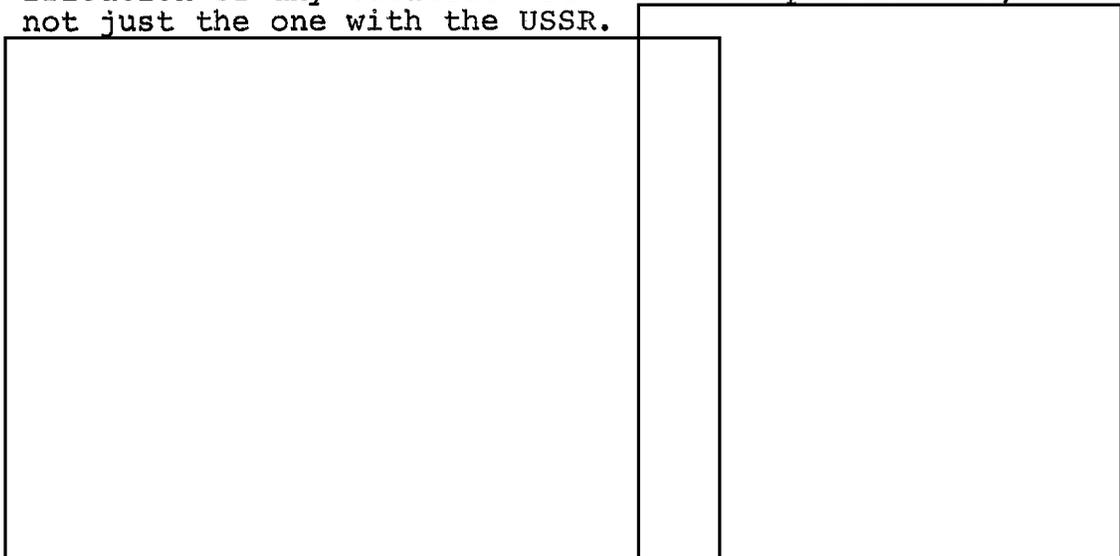
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WEST GERMANY: The Bonn government apparently has given up the idea of seeking ratification of the Polish - West German treaty before some West Berlin settlement is reached.

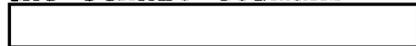
A week ago Foreign Minister Scheel declared-- apparently on his own responsibility--that a satisfactory Berlin agreement would have to precede ratification of any treaties with East European states, not just the one with the USSR.



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Publicity on measures for the emigration of ethnic Germans to West Germany, negotiated in connection with the Polish treaty, should help to make it acceptable to the West German public. This would be particularly true if, as the West German Red Cross expects, large numbers of the ethnic Germans begin arriving early next year.



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USSR-NIGERIA: Moscow has extended a \$6.7-million credit to Lagos for geological prospecting. The recently signed agreement is part of an economic cooperation pact concluded late in 1968. The survey will include prospecting for iron ore, coal, and other raw materials. The Soviets apparently are awaiting the results of the survey to determine if establishment of an iron and steel industry in Nigeria is economically feasible. [REDACTED]

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USSR-AUSTRALIA: The USSR has urgently negotiated the purchase of 50,000 tons of Australian meat. This reflects the continuing tight supply of meat in the Soviet Union following the severe 1968-69 winter. The first shipment under the \$28-million deal is scheduled to leave Melbourne on 10 December. In February Moscow bought 36,000 tons of beef and mutton from Australia for delivery in the first half of 1970. [REDACTED]

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VENEZUELA-COLOMBIA: President Caldera is taking a firmer stand on relations with Colombia. At a recent press conference he said that the 200,000 to 400,000 Colombians illegally residing in Venezuela would have to leave. He also took a stronger than usual attitude on Venezuela's dispute with Colombia over possession of the possibly oil-rich Gulf of Venezuela, asserting that the gulf was "vital" and "fundamental" for Venezuela and that it was sacred territory. Caldera and most members of his administration want good relations with Colombia but differences between the two countries touch on such vital interests that, despite good will on both sides, tension is likely to continue. [In Bogota, early private reaction by Colombian officials reflects surprise that Caldera has taken such a forceful position.] [REDACTED]

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