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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

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2 March 1971

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Approved For Release 2003/05/19 : CIA-RDP79T00975A018400040001-3

Approved For Release 2003/05/19 : CIA-RDP79T00975A018400040001-3

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No. 0052/71
2 March 1971

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CAMBODIA: A group of senior military officers is said to have induced Acting Prime Minister Matak to replace General Srey Saman, chief of staff of the Ministry of National Defense.

25X1 [redacted] the officers argued that Saman has been trying to undercut other FANK leaders and to enhance his own power position since Lon Nol's departure. Saman, the officers [redacted] 25X1
 25X1 [redacted] contend, has been telling Matak and other key officials that there are members of the military who are not loyal to Lon Nol or the republic and must be removed. The group also claims Saman has stated that he alone is able to deal effectively with US officials in Phnom Penh who are responsible for administering the military aid program.

The concerned officers evidently decided to approach Matak about Saman before the latter manages to reorganize FANK commands to his own liking. [redacted] 25X1
 25X1 [redacted] after hearing their presentation on 28 February, Matak agreed to remove Saman from his command. In order to prepare the public for his removal, a Cambodian press campaign against him is to begin at once, although it will not necessarily identify Saman by name. Matak indicated he may post Saman abroad as a military attaché.

25X1 [redacted] 25X1
 25X1 [redacted] Matak has a history of making quick decisions and he has had differences with Saman in the past. Lon Nol, before he left for Hawaii, had stated that he did not want any major personnel changes, but it is possible that the FANK officers and Matak believed that Saman was moving too quickly to strengthen his power and had to be thwarted before the prime minister's return. If Saman is replaced, it would represent the most significant political action within the army since last March and could foreshadow increasing ferment and jockeying for higher position among FANK officers. [redacted] 25X1

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PAKISTAN: East Pakistani reaction to the postponement of the National Assembly will be crucial in determining Pakistan's future.

The National Assembly was to have met tomorrow to begin drafting a new constitution. Citing the inability of East and West Pakistani politicians to agree on the constitution and the refusal of the major West Pakistani party to attend, President Yahya Khan yesterday postponed its convening until a "later date." Yahya added that should the politicians resolve their differences he would call the assembly into session "immediately."

The major point of disagreement between East and West Pakistan has been the East's insistence on a constitution that would limit the central government's responsibilities to defense and foreign affairs. East Pakistanis had hoped to use their majority in the assembly to push through this program.

【 At a large rally yesterday, a member of Mujibur Rahman's Awami League called for general strikes today and tomorrow to protest the postponement of the National Assembly. Mujib may make his position known in a major address on 7 March. 】 Should Mujib take a strong stand--possibly even proclaim East Pakistan's independence--Yahya could well face the prospect of choosing between allowing the division of Pakistan into two countries or the extremely difficult task of trying to hold the country together by force.



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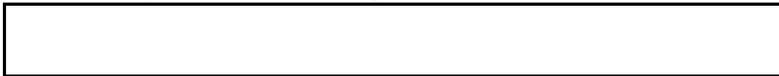
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TURKEY-CYPRUS: A seemingly provocative action by naval escort ships on 26 February marred the rotation of part of the Turkish Army contingent on Cyprus and could complicate future rotations.

Despite private Turkish assurances that there would be no provocative acts by the naval ships escorting a troopship toward Famagusta harbor, three 95-foot motor launches sailed very close inshore. One launch later raised a distress signal and was towed out to sea by the others.

In a sharp reaction the Cypriot Government delayed the offloading of equipment that had arrived with the Turkish troops but later allowed it to proceed.

Although the escort craft's movement so close to shore may have been inadvertent, the Cyprus Government will consider it as an affront because it is the second such incident in a row. If Nicosia attempts to impose in advance new restrictions on the rotation due in August a strong Turkish reaction could develop.



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SENEGAL-GUINEA: President Senghor reportedly has decided to meet some of Guinean President Toure's demands for punishment of anti-Guinean exiles residing in Senegal.

25X1 [redacted] the Senegalese have agreed to try the exiles for the same crimes for which they have been convicted in absentsia in Guinea. The Senegalese have already arrested six leading Guinean oppositionists, possibly including their key spokesman, David Soumah. The agreement also calls for Senegalese coordination with Guinean security services to combat anti-Toure exile activity in Senegal. For their part, the Guineans reportedly agreed to accept a number of Guinean spies deported from Senegal. The Senegalese, however, are reportedly resisting the Guinean demand that convicted Guinean exiles be turned over to Conakry authorities for punishment.

The agreement, which has not yet been fully ratified by Dakar, apparently was hammered out at a hastily convened session of the four-member Organization of Senegal River States (OERS) in Mauritania on 19 February. The meeting was called by Mauritanian President Ould Daddah, who has been actively engaged in bringing Senegal and Guinea together after weeks of bitter mutual recriminations over alleged Senegalese support for anti-Guinean dissidents.

Senghor's apparent decision to meet Guinean demands was prompted, in part at least, by his need to concentrate on pressing domestic issues. In addition, Senghor was concerned that his dispute with Toure was blocking the progress of OERS. [redacted]

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SENEGAL: The European Communities (EC) has agreed in principle to provide desperately needed emergency aid for Senegal's ailing peanut-based economy.

The Development Fund (FED) of the EC will extend some \$8 million in aid if the Senegalese agree to pay peanut producers in cash, and at prices equal to those paid in neighboring countries. Other strings attached include reform of the state-owned purchasing agency and permission for the FED to control the peanut stabilization fund. Such control would mean that the proceeds from peanut sales would go to farmers to enable them to pay old debts and to buy fertilizer instead of being appropriated to cover the country's budget shortfalls. Although these conditions are certain to arouse opposition from vested interests both inside and outside the government, the Senegalese will probably accept them.

Senegalese peanut farmers have been in revolt against the inefficient and corrupt state-run marketing agency since 1967 when French subsidies ended. As a result of this, as well as several years of drought, peanuts marketed by the agency have declined by 50 percent because farmers smuggled their crops to Gambia. Sagging budget revenues have been augmented by new taxes on imports and domestically produced consumer items, but the incentive to smuggle consumer goods from Gambia increased, causing further losses to the treasury in customs receipts.



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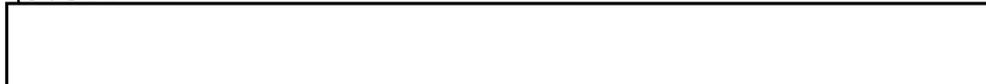
NORWAY: Some clearer indication of the direction the government crisis is to take will emerge today when the coalition releases a statement to Parliament, but political instability will continue whatever the outcome.

The present crisis was precipitated by public revelation of events that suggested Prime Minister Borten was working against his own government's policy of seeking entry to the Common Market and in the process compromised classified information. The Market bid is the hottest political issue in Norway at present, and all parties suffer some division of opinion over it.

Beyond this, however, the crisis reflects the center-right coalition's basic instability. In office since 1965, it was able to retain only a two-seat majority in the elections of 1969, and the standing of its member parties with the electorate has continued to slip. The dissatisfaction of some parties in the coalition with Borten's leadership has been growing, and unsuccessful behind-the-scenes attempts have been made to get him to step down voluntarily.

The opposition Labor Party has been quick to add to the discomfiture of the government, which has stumbled from one crisis to another for over a year. The Labor Party, however, has divisions of its own and, rather than attempt to govern with a minority in Parliament, has seemed to prefer watching its own popular standing rise while the government bears the onus for difficult decisions.

Should Labor now come to power, it would give stronger voice to certain themes popular in Scandinavia but troublesome for the US. It committed itself in the last election, for example, to the recognition of North Vietnam in its first 100 days. Norway's membership in NATO would remain firm, however, and it is questionable whether a minority government would undertake any major initiatives.



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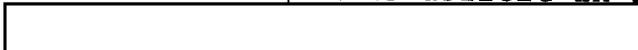
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UNITED KINGDOM: The one-day general strike by some two million engineering workers protesting the government's industrial relations bill intensifies the growing labor strife that has beset the Heath government.

With increased support from Britain's major unions, the postal workers are entering the seventh week of their strike in a test of the government's political and economic power. Ford plants, closed by a wildcat strike three weeks ago, are still idle. Another one-day general work stoppage is scheduled for 18 March.

In the face of accelerating inflation, the Heath government is unlikely to yield to labor pressure. Despite record unemployment, retail prices during the month of January increased at an annual rate of 16 percent. Unless the wage-price spiral is halted, Britain's export competitiveness will continue to decline and London may again be faced with an unacceptable deficit in its current account.



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GUATEMALA: The government has reached an agreement on what is by far the most ambitious industrial project yet undertaken in Guatemala.

After intermittent negotiations for more than ten years, an accord has been reached with EXMIBAL, an International Nickel/Hanna Mining consortium. The \$250-million venture, which involves the mining and refining of extensive nickel deposits in the northeast, will more than double all existing US investment in Guatemala. Successful negotiation after so many past re-buffs seems to have turned on EXMIBAL's decision to accept 30-percent government ownership of the project.

Successive governments have backed off from formal agreement with EXMIBAL in the face of nationalist pressure against a "sellout of the national patrimony." The government will probably have to deal with similar criticism, especially from the leftist-oriented university community, already strongly opposed to President Arana.

Government spokesmen have tried to forestall potential criticism with a public relations campaign emphasizing the benefits Guatemala will receive from EXMIBAL's investment. According to the Ministry of Economics, the government will realize tax revenue of more than \$200 million during a 23-year period. The government announcement specifically referred to guarantees it had won for the workers, the health and education programs to be paid for by EXMIBAL, and the requirement that the company must use local transportation facilities.

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COLOMBIA: The country is generally calm following disturbances in three cities.

Further violence is possible, however. Student reaction to Friday's events--which included government occupation of the university at Cali and the death of at least one student--or the Communist-backed nationwide strike scheduled for 8 March could provide the next occasion.

President Pastrana believes that subversives are behind his troubles. Although Communists and opposition politicians are attempting to exploit the situation, the problems have arisen basically from the high unemployment rate, increasing inflation, and an administration widely held to be ineffective.

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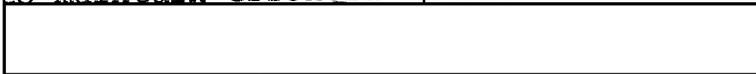
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CAMBODIA: A Communist mortar attack against the country's only oil refinery at Kompong Som yesterday destroyed two thirds of its oil storage capacity. Government troops stationed there apparently suffered only minor losses repelling a ground attack that followed the mortar barrage. This is the first enemy attack in the vicinity of Kompong Som. Only limited amounts of petroleum have been moved from Kompong Som to Phnom Penh on Route 4 since that highway was reopened in January. As a result of the attack, the government will now be more dependent than ever on the Mekong River convoys from South Vietnam to maintain essential petroleum stocks in Phnom Penh.

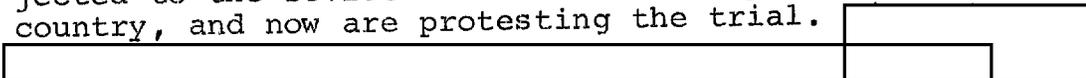


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CZECHOSLOVAKIA: The scheduled trial next Monday of 19 leftist radicals for "Trotskyite and Maoist" activity spotlights an additional source of political dissent. Mostly young students and workers arrested over a year ago, the radicals are charged with subverting the state by propagandizing against the regime and the Soviet Union and forming an illegal "Czechoslovak Revolutionary Socialist Party."

Although Czechoslovak liberals have occasionally been tried for continuing their dissent, this is the first instance of legal action being taken against ultraleftists. Although the 19 are nonentities, their case has drawn considerable attention from those international anti-Soviet Communist organizations, including the Fourth International, that objected to the Soviet invasion and occupation of the country, and now are protesting the trial.



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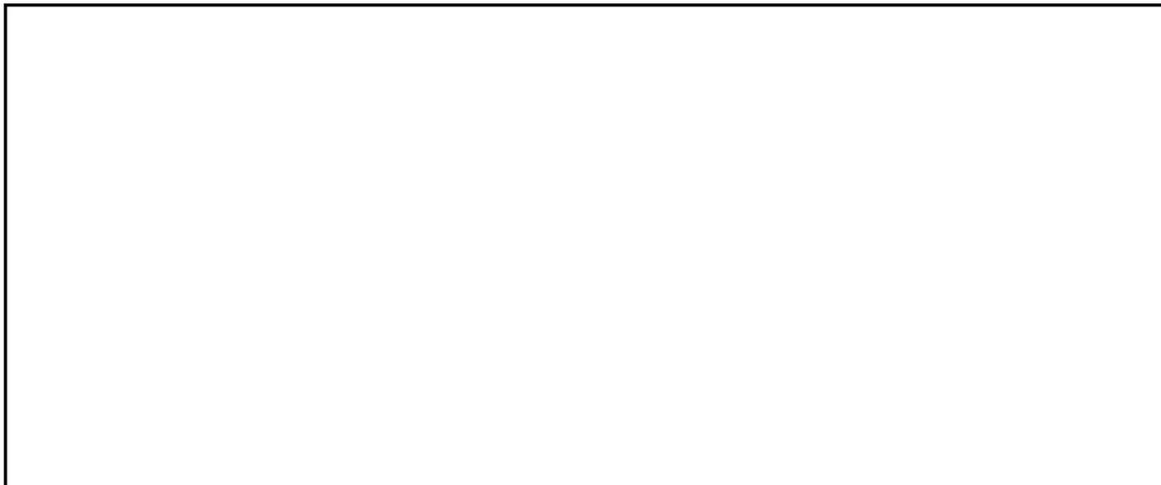
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CHILE-CUBA: The Allende and Castro governments signed a bilateral civil air agreement on 25 February providing for service between Santiago and Havana, expected to begin within three months. The Chilean Government airline LAN will fly one passenger flight and one cargo flight weekly to Havana; the passenger flight will continue on to Western Europe. There will be a weekly Cuban flight to Santiago with a stop in Lima. At present Mexico is the only other Latin American country with regularly scheduled air service to Cuba.



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