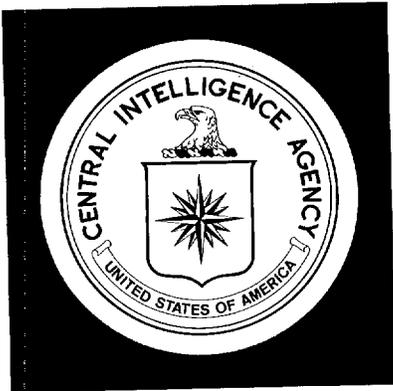


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USSR: General Secretary Brezhnev has not been identified in public since 11 October, and he may be ill.

Brezhnev did not see Egyptian Prime Minister Sidqi during his visit to Moscow from 16 to 18 October, nor did he receive the Japanese foreign minister the following week as expected. Italian Prime Minister Andreotti did not see the general secretary during his six-day official visit to the USSR. Soviet officials reportedly informed both the Egyptian and Italian delegations that Brezhnev's absence was due to illness.

Rumors that Brezhnev is under treatment for cirrhosis of the liver are now circulating in Moscow's diplomatic community. These rumors are attributed to a Romanian Embassy source. Brezhnev has been hospitalized on a number of occasions in recent years for a variety of medical problems, some of them apparently of a minor nature.

In his absence, efforts are apparently being made to keep Brezhnev's name before the public and to leave the impression that he is on the job. President Podgorny, during an award ceremony on 31 October, announced that "I have just had a talk with Leonid Ilich Brezhnev, who asked me to convey his greetings." The day before, Radio Moscow announced the publication of a third volume of the general secretary's speeches and articles.

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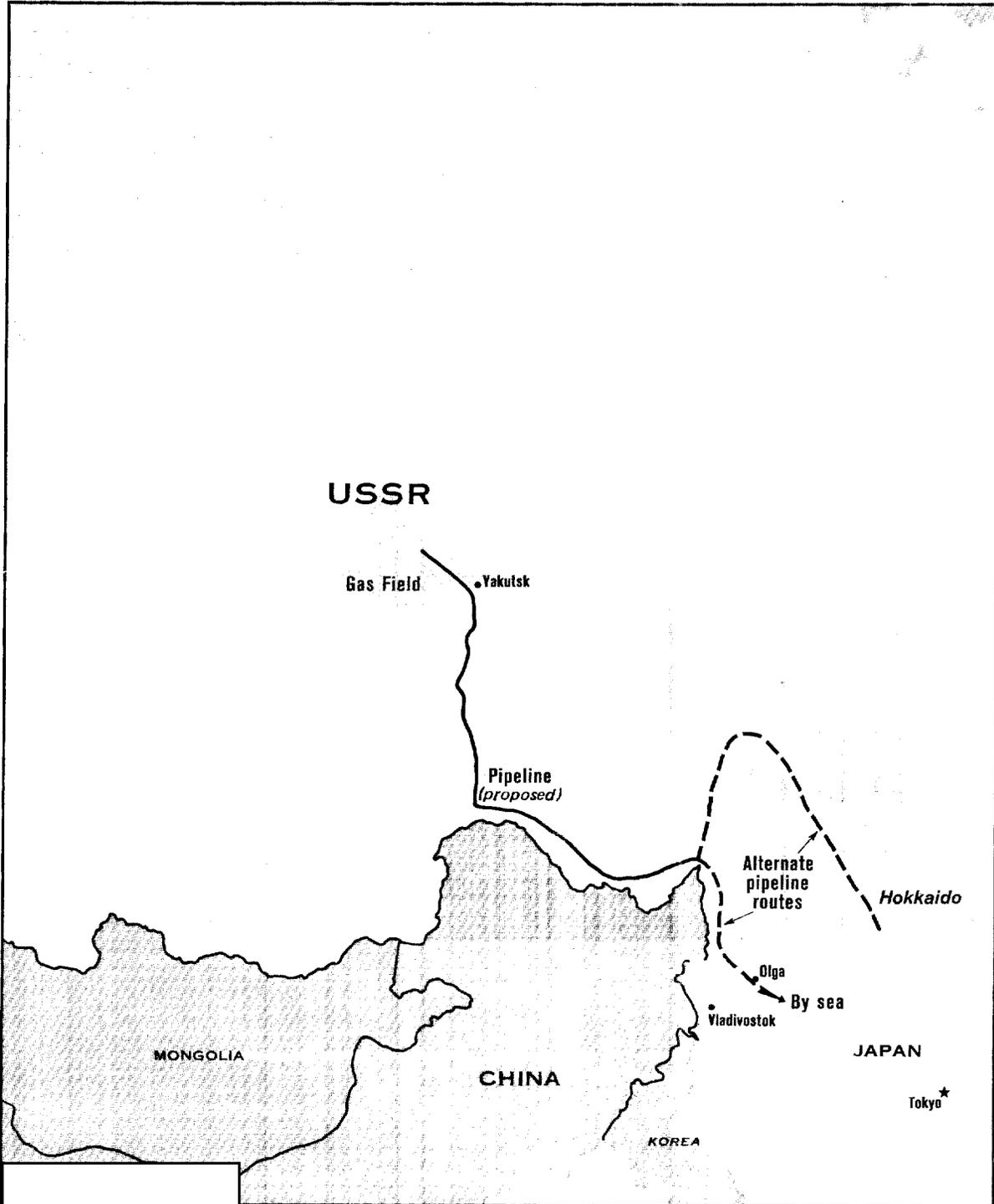
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Proposed Delivery Route From Yakutsk



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JAPAN-USSR: Moscow's implicit acceptance of full participation by the US along with Japan has removed a major stumbling block to the development of the Yakutsk natural gas field and pipeline project in Siberia. Other problems remain, however.

In talks concluded last week between a special Japanese mission and Soviet officials, the Soviets did not bring up their previous position that US firms play only a subcontracting role in the Yakutsk project. Moscow traditionally has preferred negotiating on a bilateral basis to strike the best bargain. It appears that only after the Japanese made it clear that they could not proceed without US technical know-how did the Soviets relent. The Japanese have also indicated to both the US and the Soviets that they would like US investment in the project. The Japanese mission now anticipates basic agreement by all three parties by next spring.

The most important economic consideration yet to be resolved centers on determining the extent of gas reserves in the Yakutsk field. The Soviet estimate of one trillion cubic meters of gas is not adequate to satisfy Japanese requirements after allowing for US and Soviet shares. It will take at least 12 to 18 months to confirm the Soviet reserve estimate. The extent of reserves will affect both the scope of the undertaking and a start-up date.

Questions of financing and transportation also remain. Moscow wants to finance the \$2.5 to 3 billion project on terms that the Japanese consider to be too lenient. No decision was reached on transporting the gas from Yakutsk to Japan, although both Moscow and Tokyo find merit in using a combination of pipeline and tanker transport instead of a direct pipeline to Hokkaido.

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The Japanese mission's expectation of an agreement next spring may be optimistic in view of political difficulties between Moscow and Tokyo. Although both sides have avoided publicly linking political and economic matters, the contentious Northern Territories issue, which has blocked improvement in political relations, could cloud the atmosphere surrounding economic talks. The Japanese Government undoubtedly is very much interested in the Soviet proposals, but at the same time does not feel a great sense of urgency in concluding arrangements for the Yakutsk project. Tokyo may well hope that Moscow's obvious desire for Japanese capital might have some moderating effect on the USSR's stand on the territorial problem.

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CANADA: Prime Minister Trudeau has announced that he will stay on and try to form a government.

In his first press conference following Monday's election, the prime minister conceded that the Liberals' showing "reflected the view of a good many Canadians that the government for the last four and a half years has not been satisfactory." His new government is expected to be put to the test next month. Trudeau revealed that he had asked the Governor-General to reconvene parliament as soon as possible after official election results are tallied.

In the latest tabulation of votes the Liberals and the Progressive Conservatives are tied, each with 109 seats. The New Democrats have 30 and the Social Credit Party 14. The tie came as the Liberals won an additional seat in Quebec following a recount in the district of Minister of Trade Jean-Luc Pepin, giving him a five-vote margin over his Social Credit opponent. Parity with the Conservatives as well as the possibility of winning additional seats as other recounts occur over the next month probably influenced the Liberals to try to form a government.

Trudeau also indicated that the Liberals would not attempt to woo the New Democrats in order to have a majority government. He further said the success of parliament would depend on the cooperation of all parties in the House of Commons. The head of the New Democrats, David Lewis, had already announced that he was not interested in a coalition with either of the major parties but he has said he will back any "good" legislation they may introduce. In a press conference following Trudeau's, Lewis said his party will not obstruct parliament but he does not believe it can last a full term. The Liberals and the Progressive Conservatives under the leadership of Robert Stanfield are closer in philosophy to each other than to the New Democrats.

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Trudeau and Stanfield probably will cooperate in order to keep the government operating for the next several months until a new election is called.

Questioned on how he could govern when his party was not represented in some sections of the country, Trudeau responded that the test was to get the confidence of the parliament. Analysis of the election results seems to indicate that polarization of French- and English-speaking Canada is on the rise. The Liberal government which has implemented a bilingualism program received slightly more than half of its support from Quebec or French Canada. The bulk of the Conservative votes came from English Canada.

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CHILE: The inclusion of three senior military officers in the new cabinet could improve the climate for ending the protest strike still in progress.

The most significant new appointment was that of former army commander General Prats as interior minister, a post that puts him in line to succeed Allende in case of the president's incapacitation. An admiral and an air force general took over the public works and mining portfolios. Those civilians who are not holdovers do not appear to be prominent politically.

The military reportedly welcomed participation in the cabinet in order to serve as a moderating influence on government policies. The positions they hold, however, do not offer them direct control over the areas of the economy most important to the opposition. Any calming effect the military members' advice may bring could be offset by hotheaded radicals such as Rolando Calderon, the new agriculture minister. A new army commander has not yet been named.



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CAMBODIA: The possibility of a cease-fire in Cambodia is prompting Phnom Penh to focus on political approaches to the Khmer Communist problem.

The government has ordered all provincial officials and Cambodian Army field commanders to try to contact local Khmer Communist elements to persuade as many of them as possible to rally. To complement this effort, Phnom Penh has also begun to increase its psychological warfare operations against the indigenous insurgents. It seems questionable, however, that these activities will result in sizable numbers of ralliers from the ranks of increasingly aggressive and confident Khmer Communist units. The fact that Lon Nol's unpopular brother, Lon Non, is to play a key role in the rallier program is likely to undercut its effectiveness.

There are still no indications that the government is ready to consider high-level negotiations with the Khmer Communists aimed at a broad political settlement. Lon Nol, however, has formed a "national committee of action for peace and concord" that could provide a forum for discussion of this problem. The committee will include all cabinet ministers and representatives of Cambodia's two Buddhist orders. Apparently in recognition of the need for greater unity and broader support for the government, the president has also asked opposition political parties to join the committee. Republican Party Chief Sirik Matak has agreed to participate. Some members of the Democratic Party may also lend their support to the committee.

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IRELAND-USSR: The Lynch government is moving toward a trade pact and an exchange of ambassadors with the USSR.

An Irish official recently told the US chargé that he believes agreements with the Soviets will be signed before the end of the year. The basic policy decision to establish relations with Moscow has already been made, and the details of a trade pact were agreed to during the visit of a Soviet delegation to Dublin earlier this year. The Soviets, however, insist that diplomatic relations are a prerequisite to completing the trade agreement. Further pressure to reach agreement with Moscow stems from the fact that after 1 January, when Ireland becomes a full member of the EC, Dublin will not be permitted to enter into a separate trade pact such as the one presently envisaged.

Dublin has long been willing in principle to establish closer relations with the USSR and East European nations in hopes that the thaw would help diminish an adverse trade balance with these states and thereby lessen Ireland's dependence on trade with the UK. The government also believes that at least limited ties with Warsaw Pact nations would balance Ireland's entry into the EC, thus preserving the country's traditional "neutrality."

Irish reluctance to conclude the deal swiftly stems from domestic political considerations, security factors, and the attitude of the UK. The Lynch administration may be hesitant to prod a conservative public into accepting still another change. The government successfully pushed through a referendum on EC entry in May, and before the end of the year the voters will be asked to approve the vote for 18-year-olds and deletion of the "special position" of the Catholic Church from the Republic's constitution.

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Dublin also fears potential Soviet meddling in Ulster. The Irish, who understand the need to keep an eye on Soviet officials, wish to establish a two- or three-man mission in Moscow and would like to limit the Soviets to a similar number. [REDACTED]

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Moscow probably sees several advantages in establishing relations at this time. It would further the over-all Soviet drive for expanded relations with the nations of Western Europe prior to the Conference on Security and Cooperation in Europe. Although the effect of a trade agreement before year's end would be minimal, its conclusion would be consistent with the USSR's hope to weaken the impact on Eastern Europe of the EC's common commercial policy, which comes into effect on 1 January. Moreover, relations with Dublin would clearly nettle the UK, whose relations with the USSR remain strained. [REDACTED]

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ICELAND-UK: Negotiations about fishing rights are in prospect at the ministerial level, provided the current uneasy truce between Icelandic Coast Guard vessels and British trawlers holds.

In a message to Icelandic Prime Minister Johannesson, Prime Minister Heath stressed the British desire to resolve the issue peacefully and underscored the dire consequences for both sides if incidents at sea continued. Before Heath sent the message, rough weather forced some of the smaller British trawlers to take shelter in Icelandic fjords, where the fishermen risked arrest and prosecution by Icelandic authorities. The trawlers were permitted to return to the fishing grounds when the weather cleared on 30 October.

On 31 October Iceland announced that ministerial-level talks would resume at a time and place to be determined. A British Foreign Office spokesman subsequently said the talks may take place in London in mid-November. Foreign Secretary Douglas-Home will head the British delegation, which will include Agricultural Minister Prior, a close associate of Heath. Foreign Minister Agustsson apparently will lead the Icelandic delegation. Icelandic Fisheries Minister Josefsson, a Communist who advocates no concessions on fishing, probably will also participate.

The agenda will include special zones in which the British would be permitted to fish during certain periods, and limits on the number, size, and types of fishing vessels. If both governments can contain their domestic critics, an agreement may be reached soon.

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BAHAMAS: The Nassau government, facing a projected budget deficit of at least \$15 million by the end of the year, may eventually turn to the US defense-related installations in the Bahamas for revenue. Base agreements will have to be renegotiated after the islands become independent next July. By then, the effect of the general exodus of white businessmen after Prime Minister Pindling's overwhelming election victory last September will probably make monetary problems even more acute. Despite earlier indications that Pindling's victory might enable him to overhaul his government's economic policies and the makeup of his cabinet, he has not done so. The worsening of his financial problems so close to independence may soon impel him to seek help from the US, Britain, or private sources. [REDACTED]

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ZAMBIA: The government has just published a bill to amend the constitution, banning opposition parties and paving the way for Zambia's transition to a one-party state before the end of this year. The bill will probably be passed handily by the National Assembly when it meets next month. President Kaunda believes a single party system is necessary to end the disruptive influence of the country's small, tribally based opposition parties. Kaunda has said he intends to establish a socialist-type government in Zambia, and additional constitutional changes, including possibly a whole new document, are likely to be announced sometime next year. Kaunda has not revealed precisely what he has in mind, but he has said he hopes to avoid the "repressive measures" that characterize many other one-party states. Imposition of the new system could lead to demonstrations by tribal supporters of the opposition parties, but security forces should be able to prevent major disturbances. [REDACTED]

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