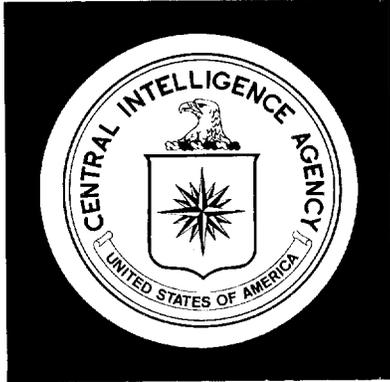


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# Central Intelligence Bulletin

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**Top Secret**

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March 27, 1974



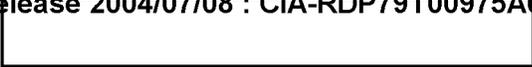
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March 27, 1974

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# Central Intelligence Bulletin

## CONTENTS

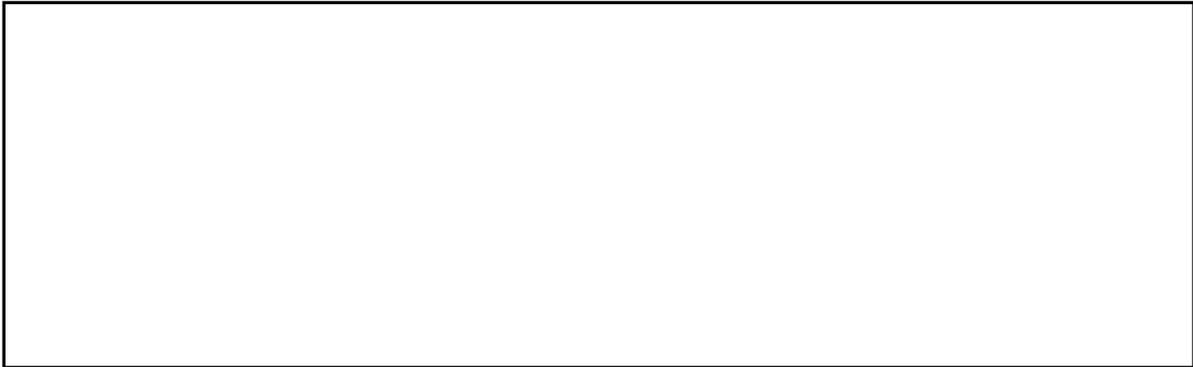


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SYRIA-USSR: President Asad accepts invitation to visit Moscow next month. (Page 2)

PORTUGAL: Dissatisfaction continues among substantial segments of army. (Page 3)

ETHIOPIA: Military growing increasingly impatient with new government. (Page 4)



25X1

AFGHANISTAN-USSR: MIG-17s reportedly sent to Afghanistan in mid-March. (Page 10)



25X1

JAPAN: Commercial banks borrowing abroad. (Page 13)

FOR THE RECORD: (Page 13)



25X1

25X1

Approved For Release 2004/07/08 : CIA-RDP79T00975A026300030001-6

Next 1 Page(s) In Document Exempt

Approved For Release 2004/07/08 : CIA-RDP79T00975A026300030001-6

SYRIA-USSR: President Asad has accepted a Soviet invitation to visit Moscow sometime during the first half of April, according to Radio Damascus. Asad will undoubtedly confer with Soviet leaders about Syrian-Israeli disengagement negotiations, and he may press them for more arms.

Asad is unlikely to respond favorably to any Soviet efforts to persuade him to soften Syria's terms for attending the Geneva peace talks. The Syrian President told a press interviewer after Soviet Foreign Minister Gromyko's visit to Damascus earlier this month that the Soviet Union had tried to persuade Syria to attend the Geneva talks, but that he had refused to do so without some "tangible assurances that Syria's rights and integrity would be guaranteed."

Even if the two sides fail to agree on the course of negotiations, Asad's trip will help satisfy Soviet demands that the Arabs consult more fully with the Soviet Union on the Middle East situation and that Moscow be given a more prominent role in the negotiations. Such a trip, which would follow Secretary Kissinger's visit to Moscow and may coincide with disengagement talks in Washington, would also help underline the Damascus-Moscow connection.

Syria, meanwhile, has still not announced when its delegate will come to Washington for the disengagement talks. The Syrian delegate is not expected to arrive until after Israeli Defense Minister Dayan ends his Washington visit. Dayan is scheduled to arrive in Washington on March 29. [REDACTED]

Mar 27, 1974

*Central Intelligence Bulletin*

2

[REDACTED]

PORTUGAL: Substantial segments of the army continue to be dissatisfied with the government's policy toward the African territories and the treatment meted out to military dissenters.

Disgruntled elements within the military are confining their expressions of discontent to the circulation of petitions. One statement calls for a solution to the African problem that is similar to the recommendations of General Spinola, who was recently ousted for publishing his views. Another document protests the arrest of officers involved in the short-lived revolt earlier this month. It asks that the government reconsider its actions against the officers and calls on all military units to express their support for this demand.

Some members of the military also are said to be drafting a petition calling for the removal of the army and defense ministers because they did not give Spinola their full support once the dispute became public. Another report indicates the government might fire the defense minister because he authorized the publication of Spinola's book.

The liberal news weekly Expresso also found a way to voice its discontent. It reprinted on the front page the government's citation praising Spinola when he was awarded the nation's highest decoration last summer. Since excerpts from official government notices may be reprinted without being censored, the censorship board did not see the article before the magazine went on sale in Lisbon. The edition was seized in Angola and Mozambique, however, and the weekly will now come under tighter censorship prior to publication.

Rumors persist about a major reshuffle within the government. There is no evidence that the cabinet held its weekly meeting last week. General Luz Cunha, the newly appointed armed forces chief of staff, returned to Lisbon from Angola on March 19 to assume his post, but he has not yet been sworn in. [REDACTED]

Mar 27, 1974

*Central Intelligence Bulletin*

3

ETHIOPIA: The military is growing increasingly impatient with the government's failure to dismiss discredited senior officers and to begin the prosecution of allegedly corrupt officials.

Dissident police and army units in Asmara yesterday arrested the commander of the army's Second Division, the police commissioner of Eritrea Province, and one of the commissioner's top assistants. The dissidents reportedly also arrested several unidentified air force officers.

Asmara Radio broadcast a statement in the name of the "northern armed forces," demanding swift judicial action for senior military and civil officials charged with corruption and incompetence. The statement called for the courts hearing the cases to include representatives chosen by the armed forces. The dissidents also demanded assurances from the new government that no action would be taken against those involved in the military rebellion that forced the ouster of the former government.

Legal proceedings on the corruption charges pose political risks for Haile Selassie and for Prime Minister Endalkatchew's government. The Emperor's prestige will suffer if the investigations reveal widespread corruption among officials who have enjoyed his confidence. Endalkatchew was a minister in the former cabinet and is believed to have used his official position for personal gain. Charges of illegal dealings may also involve some administrative officials in the new government, although the dissidents' demands are mainly directed against former cabinet ministers. The government probably will not be able to delay action much longer, since the troops were not appeased by the Emperor's decision to appoint a commission to investigate the charges.

The renewed unrest in the military has so far focused on the corruption issue and on the government's failure to provide promised pay increases.

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Mar 27, 1974 *Central Intelligence Bulletin*

4

The dissidents apparently are not pressing the government for swifter action on promised social and political changes, despite the dissatisfaction of more radical elements in the military.

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Most of the military, in fact, have supported the action by troops that forestalled a planned anti-government move by air force radicals at the main air base near Debre Zeit.

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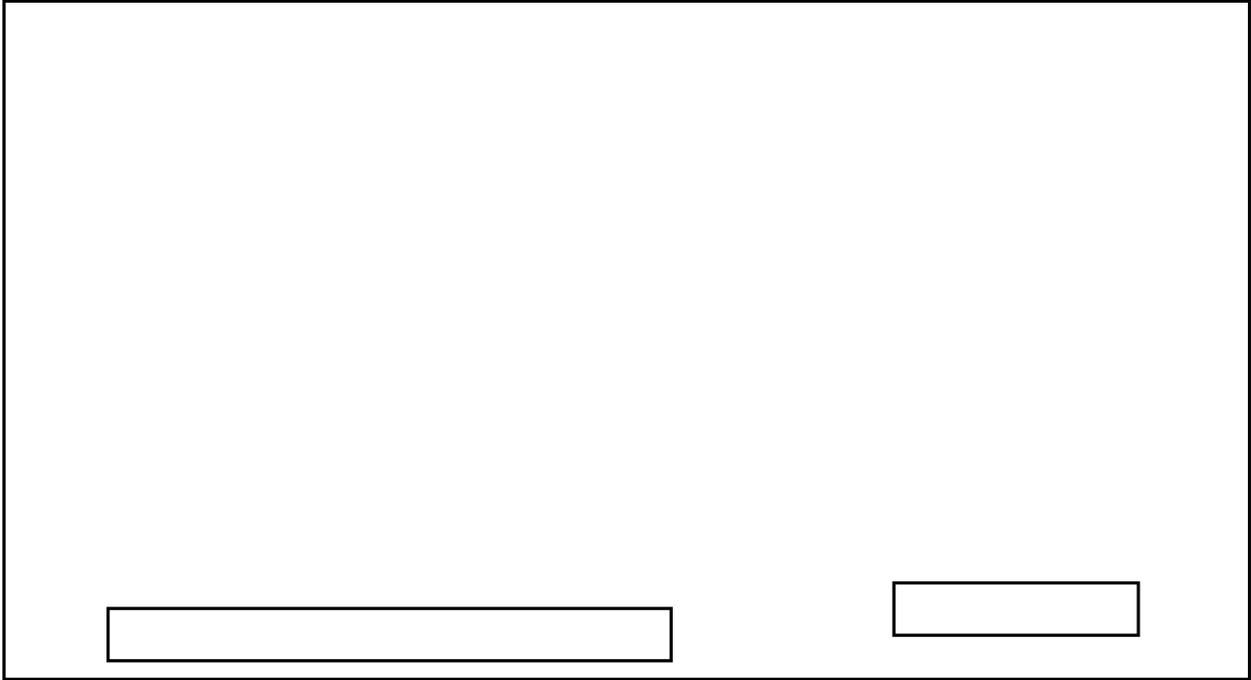
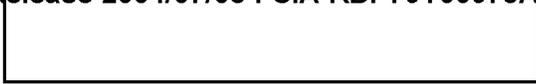
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AFGHANISTAN-USSR: Kabul received 20 MIG-17 jet fighters from the USSR in mid-March, according to sources of the US defense attaché. An additional 15 MIGs reportedly will be delivered later.

These aircraft probably will be sent to Shindand airfield near the Iranian border where almost all of Afghanistan's 50 MIG-17s are currently based. Although the addition of these 35 aircraft will substantially increase the Afghan fighter inventory, they will not significantly increase the capabilities of the air force because of problems in maintaining these aging aircraft and the lack of trained pilots.

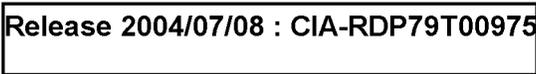


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Mar 27, 1974

*Central Intelligence Bulletin*

10



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Next 1 Page(s) In Document Exempt

Approved For Release 2004/07/08 : CIA-RDP79T00975A026300030001-6

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JAPAN: As a result of higher oil costs, Japanese commercial banks are borrowing abroad more heavily. Although Tokyo has turned to the traditional US market for more short-term loans, Japanese firms are also seeking to diversify their source of funds by borrowing on the Eurodollar market. This has contributed to a more than 1-percent rise in short-term interest rates on the tight Eurodollar market during the last two weeks, driving short-term rates above 10 percent.

Since the beginning of the year, the Ministry of Finance has withdrawn \$1 billion from an import financing fund to replenish dwindling official holdings of foreign exchange. By reducing the amount of funds available at home, Tokyo has forced domestic importers to seek funds abroad. Foreign borrowing has increased as Japanese oil firms have had to cope with the more restrictive credits arrangements being offered by foreign oil companies. Such borrowing is likely to increase steadily as Tokyo seeks to protect its foreign exchange holdings.

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FOR THE RECORD

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Romania: Premier Ion Gheorghe Maurer resigned yesterday because of "age and ill health." He will be replaced by Manea Manescu, an economist and close associate of President Ceausescu.

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Mar 27, 1974

Central Intelligence Bulletin

13

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