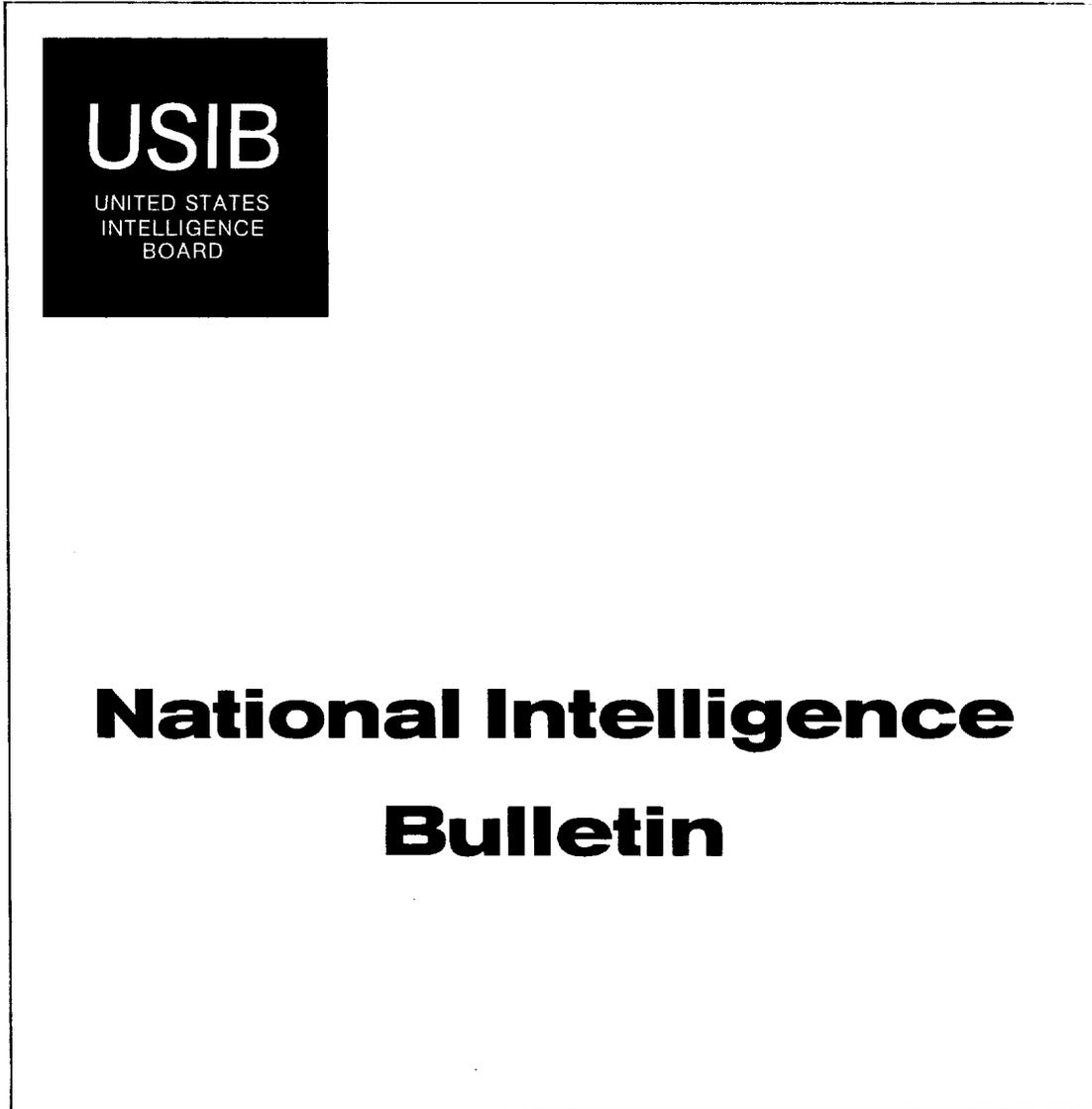


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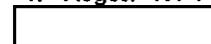
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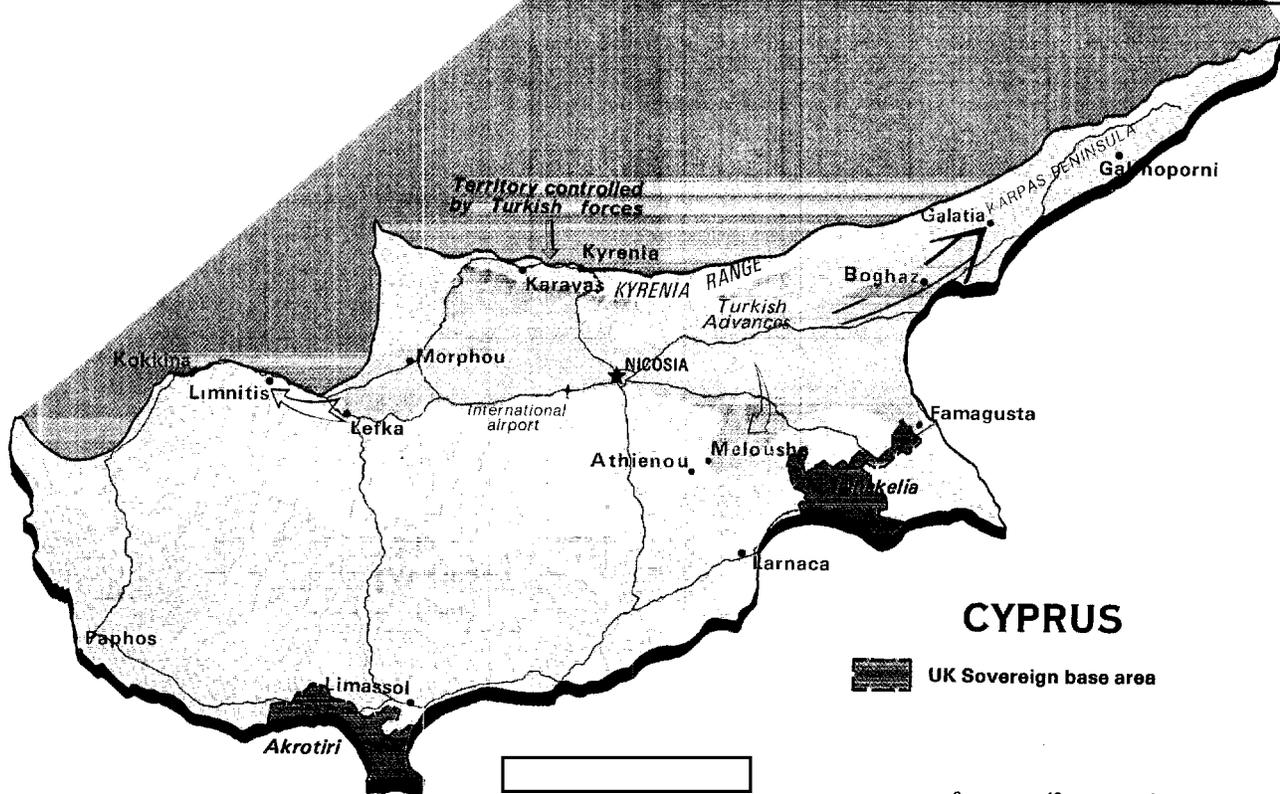
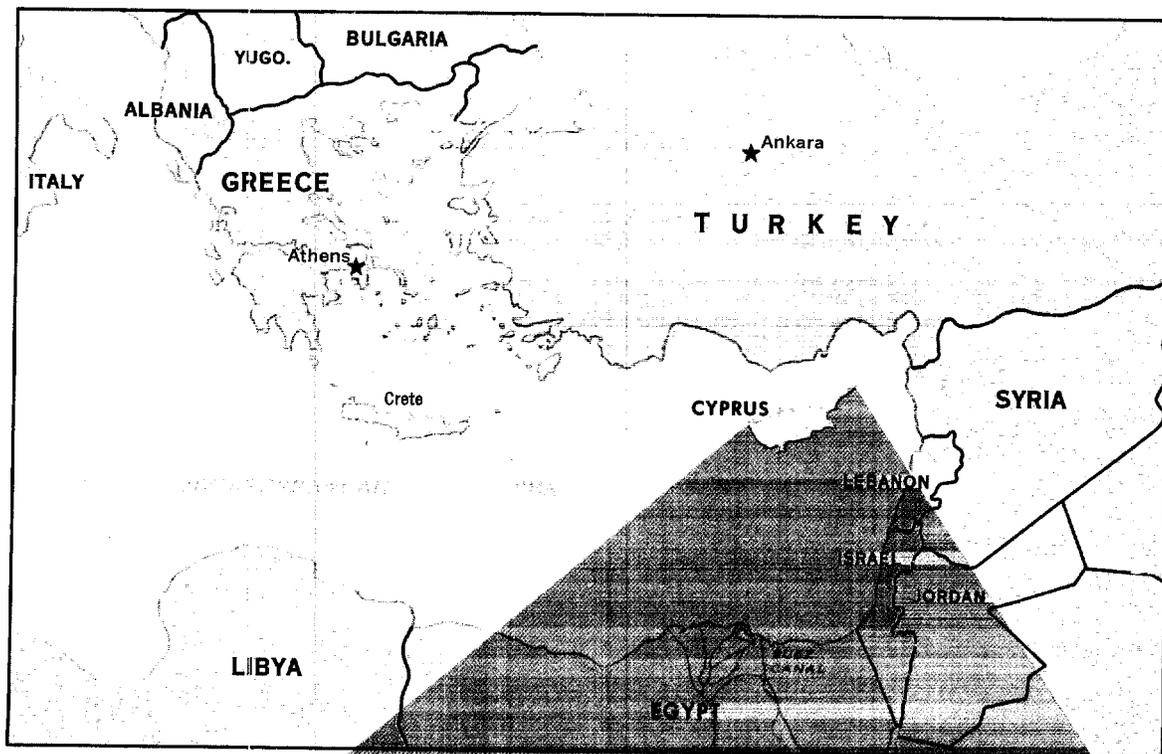
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GREECE-TURKEY-CYPRUS

Athens, which earlier this week withdrew from the military aspects of the NATO Alliance because of NATO's inability to deter the Turkish invasion of Cyprus and an alleged US "tilt" toward Turkey, still has not clearly defined its future relations with NATO and the US.

The Greek defense minister notified General Goodpaster that Greek military personnel at NATO headquarters have been temporarily placed on a 15-day notice and that Greek defense officials have been asked to determine the minimum number of Greek officers to stay on as liaison to NATO. According to a Greek Foreign Ministry official, Athens might follow the "French formula," which he described as a gradual process during which liaison with NATO would be maintained but without Greek military participation. The official said this would result in the elimination of Greek NATO facilities--which currently include some 5,000 US service personnel--over an unspecified period of time.

Athens has begun to take specific actions to illustrate its displeasure with Washington. Greek authorities yesterday announced that clearance would no longer be granted to US military aircraft entering Greek airspace unless they had pre-flight approval. Such action abrogates a 1966 bilateral agreement providing blanket diplomatic approval for US military flights into Greece. Earlier, the Greeks caused a delay of a US military emergency flight from Greece to Ankara. The US embassy in Athens speculates that Greece may be contemplating a revision of the status of US forces in Greece, and could be considering more far-reaching action.

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Anti-American sentiment is on the rise in Greece. In addition to more unfavorable editorials in the press, an angry mob set fire to buildings in the US military base at Iraklion, Crete. Demonstrations also occurred

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outside the embassy in Athens and in front of the consulate in Thessaloniki. The return yesterday of leftist political leader Andreas Papandreou is likely to fuel further the current wave of anti-Americanism. He was welcomed by a large crowd shouting anti-US slogans and reportedly called for a complete break with the US and NATO.

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Greek Foreign Minister Mavros has told the US ambassador in Athens that Prime Minister Karamanlis will soon issue a statement on the economic situation in Greece. He said that virtually everything the two previous governments had put out had been falsified, citing as examples the government's claim that a surplus existed where there was a deficit and the publication of highly exaggerated GNP growth rates.

Although Turkish and Greek leaders announced acceptance of a cease-fire on Cyprus, Athens has not commented thus far on the cessation of hostilities. The Greek government reportedly has refused to participate in the resumption of negotiations proposed by Turkey unless Ankara's forces withdraw to the positions they held on August 9.

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In a news conference yesterday, Prime Minister Ecevit said Ankara did not intend to force Greek Cypriots out of the Turkish zone and he believes that in the Turkish area, a military administration is inevitable for an

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indefinite period. In commenting on whether there would be a single Cypriot president, Ecevit said there would be a "federal roof over two federal administrations."

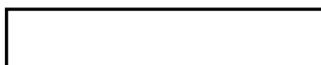
The Military Situation

Turkish military forces yesterday gained most of their objectives. They now control an area extending roughly from Lefka and Limnitis in the west through Nicosia and on to Famagusta on the east coast.

Sporadic cease-fire violations can be expected in the next few days, but these should not be interpreted as renewed hostilities. Some fighting was reported in Limnitis and Nicosia after the cease-fire. Turkish units reached Limnitis just before the cease-fire. At dawn today, fighting resumed at the western approaches to Nicosia and there were numerous fire fights throughout the night.



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USSR-CYPRUS

The Soviets have found it difficult to square their interest in a unified and independent Cyprus free of NATO links with their desire to avoid alienation of Turkey. As a result, they have not committed themselves to meaningful support for any of the contending parties.

At least as outlined to the Turks, the Soviets now would settle for:

- no partition of Cyprus;
- no US bases on the island;
- continued Cypriot independence, whatever its form of government.

The imprecision of these terms appears designed to appeal to Ankara. Some form of federation and a continued Turkish military presence is not ruled out. In addition, Moscow's verbal support for Makarios, whose return is unacceptable to the Turks, has diminished considerably during the last few weeks.

Moscow has not openly criticized Ankara in order to avoid damaging its longer term interests in Turkey. These include unhindered passage through the straits, a reduction in US military use of Turkey, and a decline of US influence.

Furthermore, Moscow has been chary about courting the new regime in Athens [redacted]

[redacted] Nevertheless, Moscow is intrigued by the turn of events in Greece, has applauded the Greek decision to pull its troops out of NATO, and over the longer term will probably encourage its drift away from the US.

Moscow has also been frustrated by its exclusion from all significant diplomatic efforts to solve the crisis. The Soviets have attempted--without notable success--to obtain a greater role for themselves through the UN and have suggested to the US the possibility of unspecified joint actions to resolve the political situation on Cyprus. The Soviets may intensify these efforts now that the Turks have consolidated their position and Soviet actions cannot be so readily labeled as aimed against Ankara. [redacted]

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ISRAEL - ARAB STATES

Israel's recent moves to improve its military preparedness and its widely proclaimed concern over Arab intentions have led in turn to increased Egyptian and Syrian uneasiness and an upgrading of force readiness. Although neither Israel nor her Arab neighbors seem to want to renew fighting at this time, the heightened tensions resulting from these steps increase the danger that fighting could be resumed.

During the past several weeks, Israel has held a series of large-scale military maneuvers, has mobilized some of its reserves

Tel Aviv has also announced that it will soon hold its first nationwide call-up of military reservists since the war last October. Most of these measures have been widely publicized and portrayed as part of a program of preparedness against any resumption of hostilities by the Arabs.

The Israeli actions probably stem from several motives. Internationally, Tel Aviv hopes that evidence of Israeli concern over the possibility of a resumption of the Arab-Israeli war will lead to a quick decision for increased military aid from the US. Tel Aviv also wants to convince its Arab neighbors that any attack would be met by thoroughly prepared Israeli forces. Domestically, the government feels compelled to demonstrate that Israel will not again be surprised militarily as it was in October. The Israeli actions do, however, evince a genuine concern that fighting could again break out.

The principal object of Israel's concern has been Syria. Israeli estimates attach special significance to statements by Syrian President Asad over the past three months that a final peace settlement must result in a total withdrawal by Israel from all territories occupied since 1967. Tel Aviv has maintained continuously that

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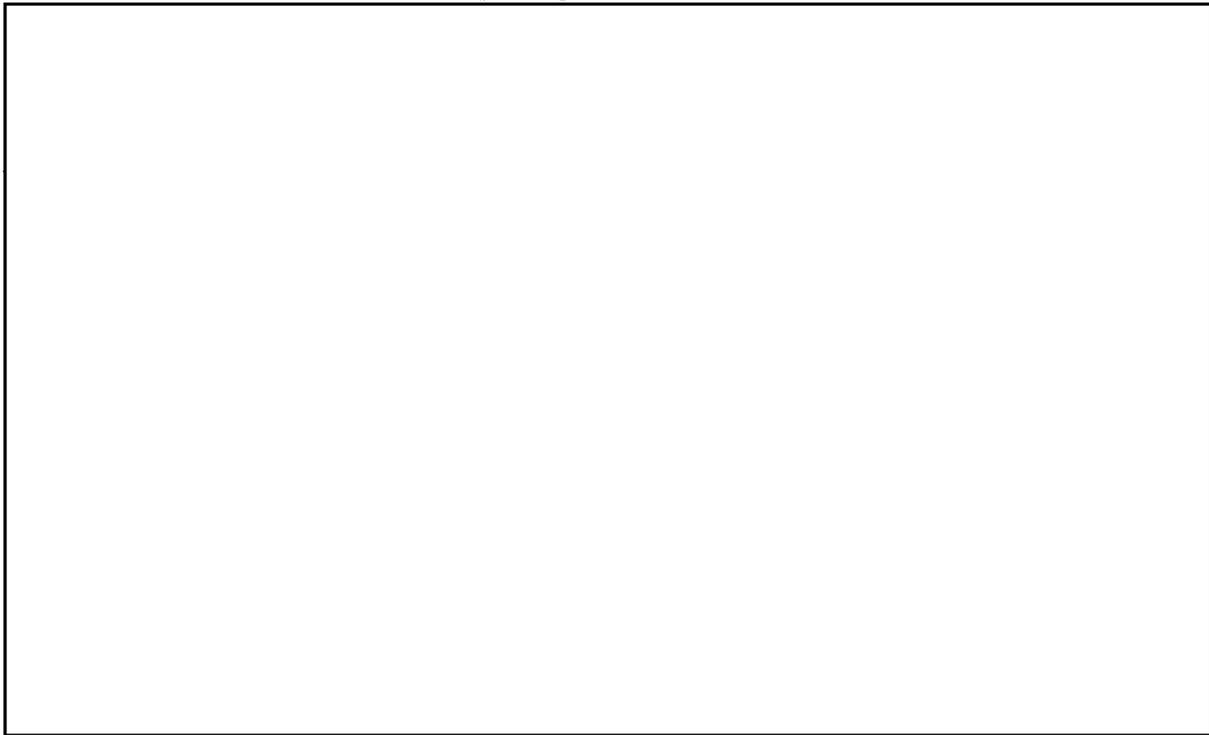
this demand is unacceptable. The Israelis are also concerned about the replenishment of Syrian weapons inventories and the introduction into Syria of such Soviet-produced weapons as the MIG-23 fighter [redacted]

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[redacted] They claim that there is a real possibility that Syria will reopen hostilities toward the end of this year--when the mandate of the UN Observer Force comes up for renewal--if satisfactory progress is not made toward achieving Israeli withdrawal. [redacted]

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[redacted] some military officers, however, feel the danger period is more likely to occur next spring.



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FRANCE

France's current defense policy review, in which budgetary cuts are a key concern, could also lead to new approaches to West European security cooperation.

Paris has thus far given no hint that policy shifts are under consideration. In fact, Defense Minister Soufflet implied to the US ambassador that the review was inspired only by pressure to reduce the budget and suggested that it could continue until near the end of the year. He did mention the need for establishing new priorities among the various advanced technological programs.

Press accounts this week, however, inspired by articles in military journals and in the newsweekly Express, speculate that Paris is considering a new approach to defense cooperation with its West European neighbors. Citing a presidential adviser, the Express article says that President Giscard is addressing the basic contradiction between France's defense policy, which treats Germany as a potential enemy, and its Soviet and European policies, which call for close cooperation among EC members.

Giscard's perspective is different from that of President Pompidou, who preferred partnership with London rather than Bonn. Giscard has a much closer relationship with Chancellor Schmidt, dating back to their earlier days as finance ministers, than with any British leader.

Express says that Giscard has concluded that France's independent defense plans, which are based on French survival alone in a dismembered Europe, are unsound and that West Germany cannot be expected to commit itself to European unity in partnership with France if Paris is unwilling to reciprocate fully.

This argument reportedly has led the French President to consider:

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--developing a program with Bonn for strengthening French conventional forces stationed in West Germany and arming them with the Pluton tactical missile;

--establishing a new body within the Atlantic Alliance to discuss European defense cooperation, especially nuclear matters. This group might be acceptable to those in France who strongly oppose joining NATO's Eurogroup, which now covers these issues.

[Redacted]

The French leader has already devoted a week to the study and has met with senior Defense Ministry and military officers. According to the press, he will publicize an outline of his plans at the EC summit he hopes to call before the end of the year.

President Pompidou, during his last year in office, had ordered a similar defense review and there were hints of policy shifts at that time, some of which are similar to those surfacing now. The major difference at this point may be Giscard's recognition that a European defense strategy that fails to take account of German power and susceptibilities is doomed to failure.

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SOUTH KOREA

The South Korean government will use the attempted assassination of President Pak Chong-hui to link Pak's non-Communist opponents with pro-North Korean elements in Japan. This indicates no slackening in the current effort to suppress all domestic dissent.

Police authorities in Seoul have publicly identified the assailant, a Korean resident of Osaka, as an active supporter of Kim Tae-chung, Pak's opponent in South Korea's 1971 election and a leader of the non-Communist opposition in South Korea. The gunman's background was said to include active membership in various anti-Pak groups in Japan--although no direct link with the pro-Pyongyang Chosen Soren grouping of Koreans resident in Japan has yet been alleged. He was also, according to South Korean authorities, an admirer of North Korean leader Kim Il-sung and China's Mao.

Meanwhile, Japanese police have arrested an Osaka woman who assisted the gunman in securing a false Japanese passport. There is also evidence that the gun itself was stolen from an Osaka police station and smuggled into South Korea inside a radio. The gunman, who had a large sum of money on him when arrested, continues to insist that he acted alone. There is no evidence of a conspiracy.

The case, of course, is affecting the sensitive relationship between South Korea and Japan. Security officials of both countries are blaming their opposite numbers for laxity. The Japanese press, despite the death of Pak's wife during the attempt on the President's life, persists in moralizing on Pak's shortcomings as a leader. Perhaps recognizing the need to avoid further straining of relations, Japanese Prime Minister Tanaka has decided to attend Mrs. Pak's funeral in Seoul on Monday.

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MOROCCO-SPAIN

The positive tone of the joint communiqué issued at the end of two days of talks between the Moroccan prime minister and Spanish officials in Madrid this week, as well as initial Moroccan press reactions, seems to set the stage for further bilateral talks on the dispute over Spanish Sahara. An early resolution of the problem is not in sight, however.

Morocco is continuing to use military pressure tactics

King Hassan wants to develop a sense of urgency, but he does not want to close the door to continuing talks with Madrid.

Hassan is well aware of Spain's superior military capabilities and is likely to keep his pressure tactics under careful control.

Madrid, meanwhile, seems to be searching for a compromise that would avoid a confrontation and at the same time permit Spain to appear responsive to UN resolutions calling for a referendum in which the inhabitants of the territory would determine their future.

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USSR-INDIA

Moscow reportedly has informed New Delhi that it will provide 1.5-2 million tons of wheat during the next few months to help ease India's tight grain situation.

Prior to the Soviet offer, New Delhi had already lined up about 2 million tons for the current fiscal year. At least 5 million tons will be needed, however, and possibly much more depending on the size of the major fall harvest.

Repayment is likely to be in commodities. Last October, the Soviets provided 2 million tons of wheat and allowed India to repay either in grain or other commodities over five years after a two-year grace period.

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FEDAYEEN

Moderate leaders of the Palestine Liberation Organization are embarrassed and on the defensive as a result of claims made this week by the Israelis and fedayeen extremists that recent Israeli air strikes have forced a fedayeen withdrawal from a base in southern Lebanon. Spokesmen for the PLO have acknowledged that fedayeen forces did withdraw from the village of Rashaya al Fukhar, but have insisted that the move was "dictated by a desire to protect women and children" and did not signal any change in fedayeen strategy.

PLO Chairman Yasir Arafat ordered the withdrawal after talks with Lebanese Prime Minister Sulh on August 12. Repeated Israeli air strikes on the village last week had prompted most residents to move out and a lesser number to demonstrate against the Lebanese government in a nearby regional governor's office.

The Israeli press has stressed that the fedayeen evacuated the village in response to pressure from local residents. Tel Aviv will take this as evidence of the success of its policy of maintaining military pressure on southern Lebanon to thwart fedayeen operations and to force the Lebanese government to exert greater control over fedayeen activities in the area.

Although Arafat was willing in this case to make a "tactical withdrawal"--apparently limited to a movement out of the town into nearby woodland--to preserve his satisfactory relations with Lebanese officials, he is almost certain to oppose pressures for any further moves of this sort. He faces the threat of defections from the PLO by its three most radical organizations. He knows that he cannot provide their propagandists with another opportunity to condemn his alleged willingness to sacrifice the Palestinian "struggle" for the uncertainties of a negotiated settlement. [REDACTED]

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WORLD POPULATION CONFERENCE

More than 5,000 delegates from around the world will gather in Bucharest on Monday for a two-week, UN-sponsored World Population Conference. It is the first UN gathering of this magnitude to be held in Eastern Europe, and Bucharest is pulling out all the stops to make it a success.

The conferees will address the political repercussions of population planning and control. They face numerous problems; even a request for pro forma adoption of a plan of action may stir bitter debate. The developing countries complain that the proposed plan focuses on their poor performance in implementing family planning programs, and neglects the resource and environmental problems intrinsic to the industrialized nations. In addition, a number of developing countries are protesting that even the limited population goals endorsed in the plan infringe on their right to set birth-rate goals.

Attempts to accommodate these criticisms have not been altogether successful. Several nations, including the US, are worried that the highly technical recommendations in the plan will be misunderstood or ignored by planners in those countries where population control is most needed.

Romania is delighted to play host to the meeting and welcomes the large number of delegates and news teams that will be on hand from the Third World and the West. President Ceausescu would like Romania to play a greater role in world affairs, reasoning that by keeping Bucharest in the international limelight it is more difficult for Moscow to bring pressure on him.

There is an element of irony in the choice of Bucharest as the site of the conference: Romania has the most stringent antiabortion laws in Eastern Europe.

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FOR THE RECORD



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Spain: General Franco left Madrid yesterday for his summer residence in the northwest part of the country. The move does not mean that his condition has substantially improved, but rather that his convalescence might be eased in a cooler climate. 

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Mozambique: Portuguese Foreign Minister Soares is meeting in Dar es Salaam, Tanzania, with officials of the Front for the Liberation of Mozambique, according to press reports from Lisbon. Soares reportedly arrived in the Tanzanian capital on August 15; the talks are expected to last several days. Although the Portuguese claim they have been maintaining secret contacts with the rebel organization, these are the first formal talks to take place since early June when the two sides met briefly in Zambia. Lisbon hopes to bring the Front into a coalition government with other Mozambican groups and then to set up a constituent assembly. The rebels, however, claim they are ready to hold out as long as need be to achieve a direct turnover of power. 

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