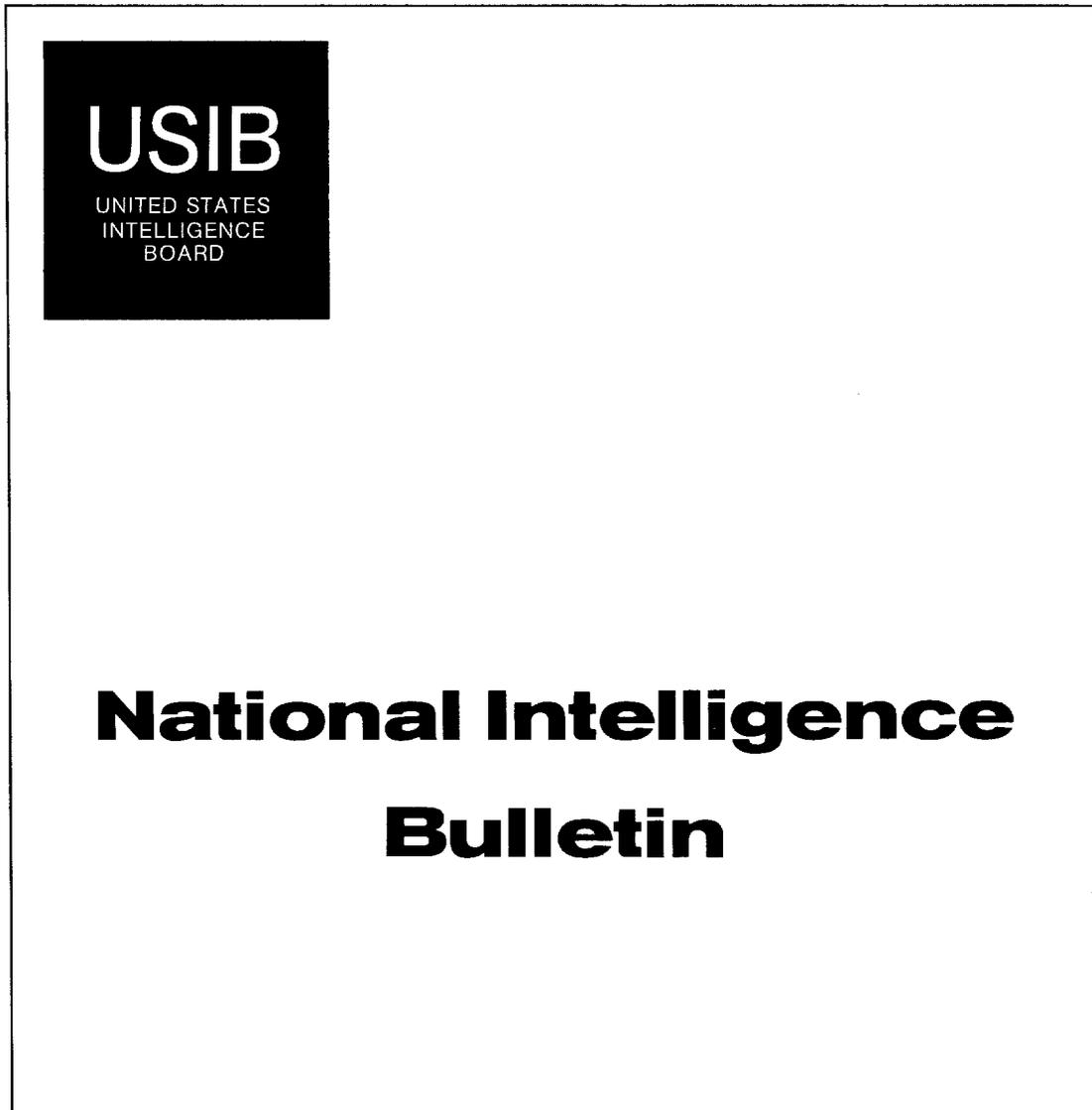


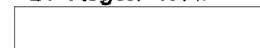
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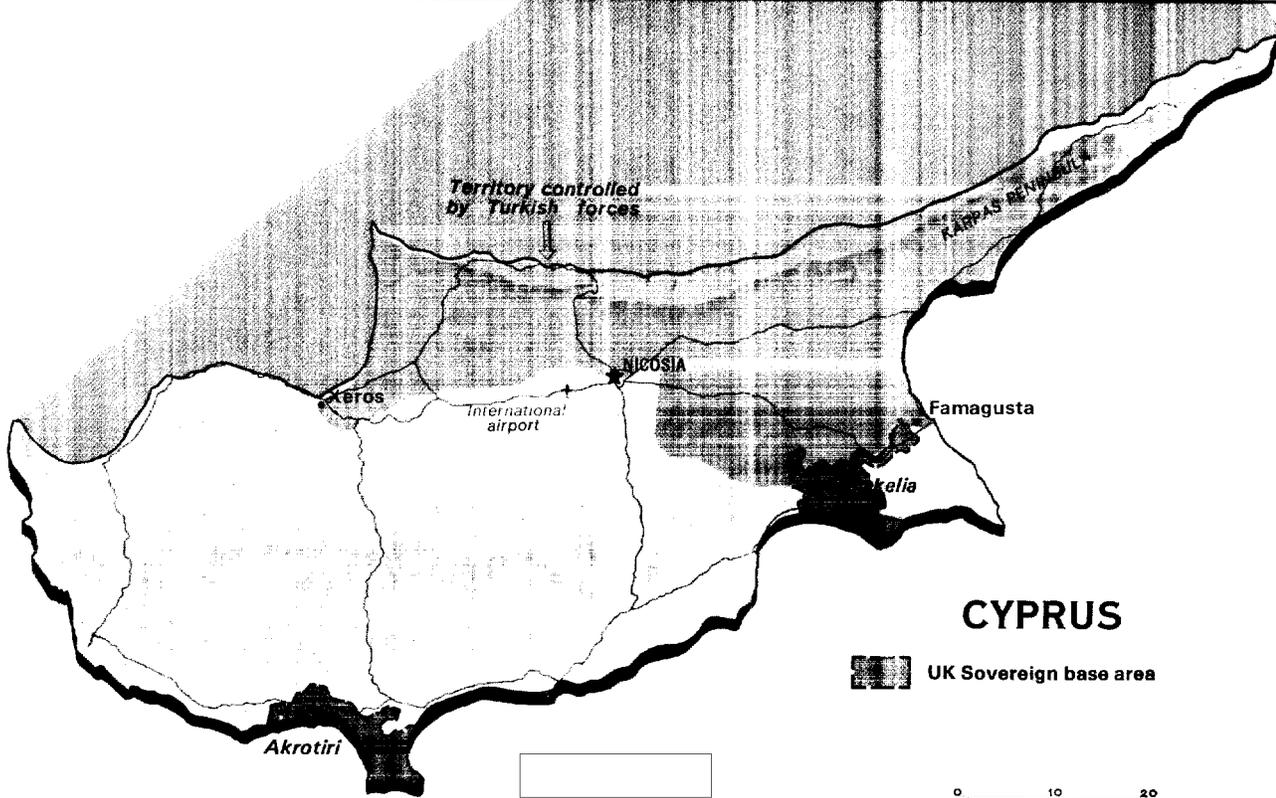
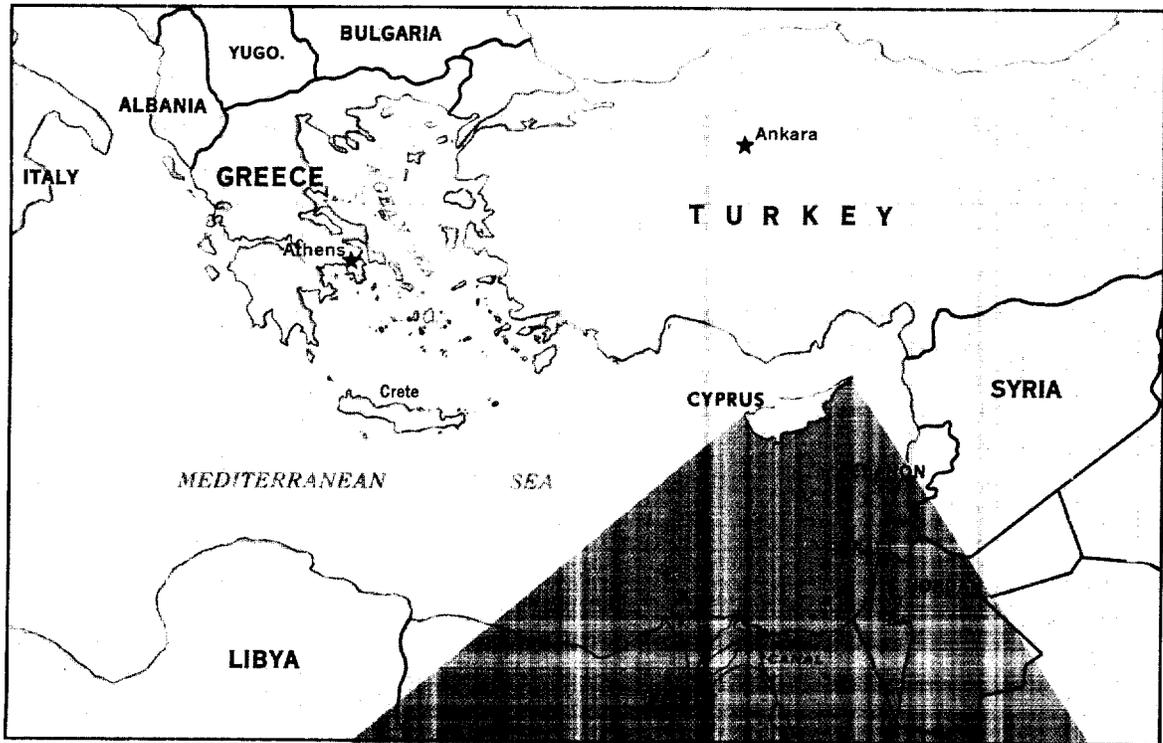
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GREECE-TURKEY-CYPRUS

The UK is leading initiatives to get the Cyprus dispute back to the negotiating table. Foreign Secretary Callaghan plans to send invitations to representatives of Greece, Turkey, and Cyprus to resume peace talks in Geneva on August 27 or 28. Yesterday, a Foreign Office spokesman told the press that the British High Commissioner in Nicosia had already approached Cypriot President Clerides about the possibility of resuming talks. The Greek and Cypriot governments have said they cannot accept negotiations based on Turkey's current military holdings.

No significant fighting occurred on Cyprus yesterday.

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Plans are being made for the Turkish mainland troops now on Cyprus to winter on the island. The Turks do not, however, plan to annex the territory they control; their current political planning is still centered on creating a federal system for Cyprus. The Turkish deputy prime minister was quoted yesterday as saying that a Turkish Cypriot federal state will be established unilaterally if there is an extended delay in getting peace talks

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started. He said some state services--postal and passport facilities--should start functioning immediately. According to the press, an extensive program to aid the Turkish Cypriots in setting up a self-sufficient state has already begun.

General Dionysios Arbouzis, the new chief of the Greek armed forces, has appealed for objectivity and cooperation from the Greek army, despite what he described as bitterness, confusion, damaged honor, and even hatred caused by the public positions taken by Greece's traditional allies. In his first speech to his general staff on August 19, Arbouzis stressed that Greece was still threatened by Turkish intransigence and might possibly face further demands. He urged the army to maintain strict discipline and high professional standards.

Arbouzis was not an active opponent of either former President Papadopoulos or General Ioannidis. His appointment is therefore less likely to stimulate resentment among remaining supporters of the two men. According to the US embassy in Athens, the timing of the change in command clearly reflects Greece's lack of preparedness for a military showdown with the Turks in Cyprus. Any changes in command prior to Prime Minister Karamanlis' acknowledgement on August 15 that Greece did not intend to fight Turkey would have been dangerously destabilizing; the movement out of Athens on August 11 of troop units that could have been used for a military coup was an essential prerequisite to the changes.

It is widely anticipated that General Ioannidis will be passed over for promotion, leading to his automatic retirement and his removal from the position of influence he still maintains.

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USSR

The Soviet manned spaceflight program is moving in two directions--continued preparations for the joint Apollo-Soyuz manned mission scheduled for next July and the development of a space station with mainly military applications.

Through mid-1973 the Soviets seemed to be interested primarily in keeping pace with the US launch schedule and in trying to minimize the prestige gained by the US from its successful Apollo and Skylab programs. Competition with the US was evident throughout the 1960s. For example, in the three years starting in 1967 the Soviets mounted a crash program to place men around but not on the surface of the moon. This program was in direct competition with Apollo, but fell short when the Soviets were unable to develop the required booster.

The last effort to keep up with the US was made just prior to the 1973 Skylab mission, when the Soviets attempted two Salyut missions--their counterpart to Skylab. Both missions failed indicating that the Soviets were pushing their spacecraft development too rapidly. All Salyut missions, in fact, ended in failure until the recently successful Soyuz-Salyut mission.

The Soviets are planning to conduct a number of missions between now and next July that are related to the Apollo-Soyuz test. Last Sunday, the Soviets completed a six-day unmanned Soyuz flight that probably was designed to test modifications in equipment and tracking systems for the joint mission. The Soviets also feel a need to demonstrate the reliability of their spacecraft in view of the many difficulties they have experienced. A similar unmanned Soyuz was launched in April and was in orbit for ten days.

The Soviets are also expected to conduct two or three manned Soyuz missions between now and July. Only two of the Soyuz back-up crews for the joint mission

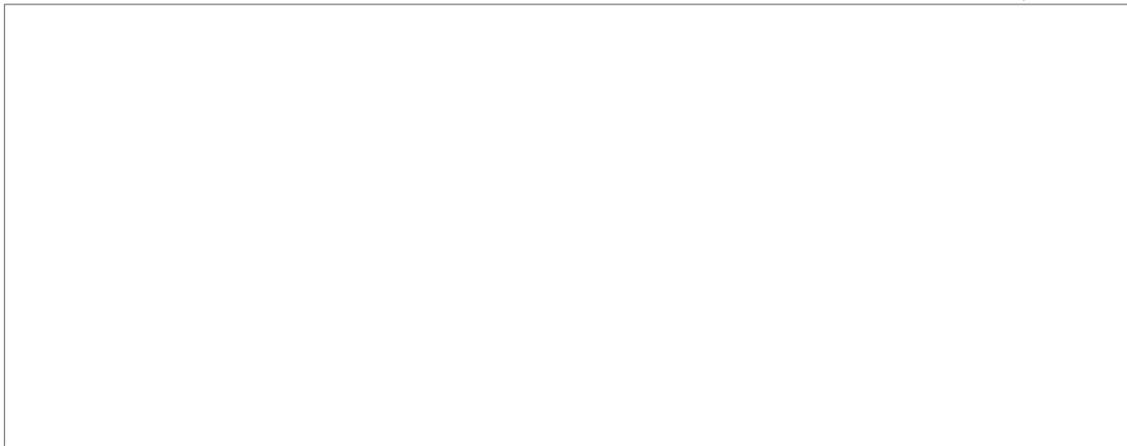
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have experience in space, and the Soviets probably will attempt to orbit several of these crews in the coming months to acquaint them with the rigors of space flight.

The first suggestion that the Soviets intended to emphasize military applications came in April 1973 with the flight of the Salyut-2. Although that mission ended in failure, enough information was collected to suggest that military objectives were planned.

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The next few years are likely to see a growing trend by the Soviets toward a multi-purpose use of manned spacecraft aimed at enhancing both their international prestige and their military capabilities. There may also be increased emphasis on potential scientific and economic payoffs from manned orbital missions, although this effort is minimal at present.

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PANAMA-CUBA

The Torrijos government announced yesterday that it will re-establish diplomatic relations with Cuba after a break of 13 years.

Torrijos believes that several other countries are on the verge of recognizing Castro's government. He has apparently concluded that his decision will not jeopardize canal negotiations with the US. Castro recognizes that the Organization of American States itself is likely to lift sanctions against Cuba and open the way to recognition, but he prefers having the member countries accomplish this unilaterally because this works toward his goal of scuttling the Organization of American States.

Panama's trade ties with Cuba are now likely to be expanded considerably. [REDACTED]

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MOZAMBIQUE

Portuguese Foreign Minister Soares informed the US embassy in Lisbon on August 19 that his talks with the Mozambican rebels in Dar es Salaam last week resulted in tentative agreement on a plan that could lead to a transfer of power to their Front for the Liberation of Mozambique and to independence for the territory in one year.

The plan calls for the formation of a provisional government with "substantial" Front participation. Soares indicated that the actual degree of rebel participation is open to negotiation. The rebels are seeking majority representation. Soares stated that the provisional government, to be headed by a "high Portuguese official," would govern the territory for the year, after which power would pass to the Front.

The plan is being considered by President Spínola, who, Soares admitted, still seems committed to a popular referendum in Mozambique to determine its future. Within the Portuguese government, such a referendum is now widely regarded as unrealistic. The rebel leaders are said to be against any elections prior to independence.

Soares considers a transfer of power to the Front, which is the sole organization of any consequence in the territory, to be the only solution regardless of whether it is truly representative of the majority in Mozambique. He believes Lisbon must choose between an orderly transfer to the rebels, which should allow Portugal to retain a measure of goodwill and influence, or an eventual rebel military takeover resulting in a government hostile to Portugal.

Soares noted that he found rebel leader Samora Machel "entirely reasonable and realistic" about Mozambique's future relations with South Africa. The Front has stated in the past that it would be willing to make compromises in order to maintain Mozambique's profitable economic relations with South Africa.

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The Foreign Minister also stated that he is convinced Machel has no intention of allowing Mozambique to fall under communist influence. The Front has received heavy military backing over the years from both China and the Soviet Union.

Soares gave no indication of when he might resume talks with the rebels. [redacted]

[redacted] a final session could take place soon in Lusaka, Zambia, if the preliminary proposals are acceptable to both sides. [redacted]

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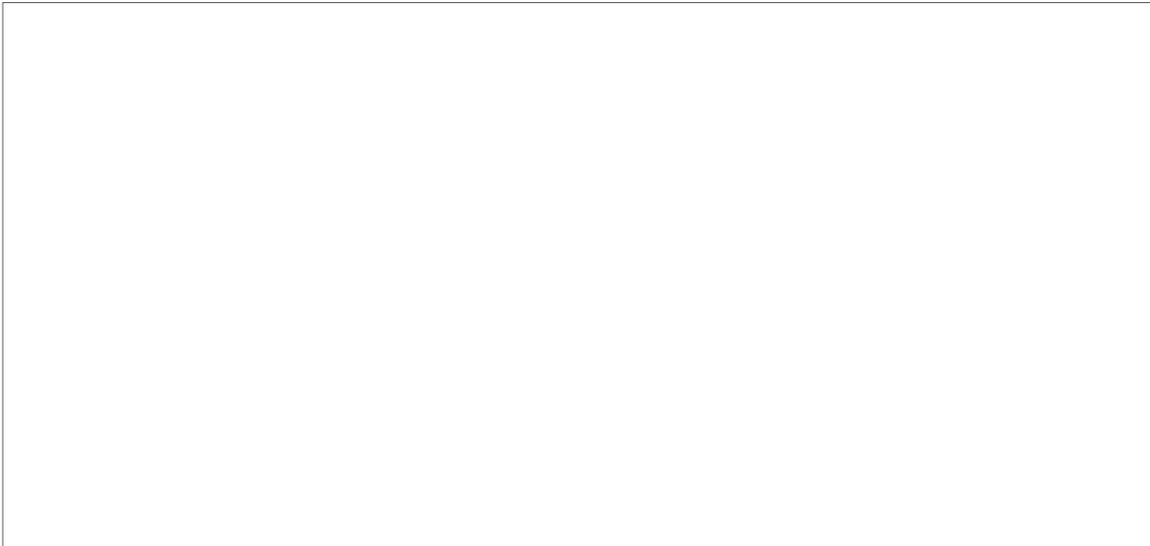
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SPANISH SAHARA

Madrid may announce very shortly its plans for relinquishing control in Spanish Sahara.



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A unilateral Spanish announcement on holding a referendum would bring a sharp reaction from Rabat. Bilateral talks in Madrid last week seemed to have laid the groundwork for further negotiations, but there is no evidence that an agreement on the terms for holding a referendum has been reached. King Hassan would prefer that the future of Spanish Sahara be resolved by direct negotiations with Madrid instead of by a referendum that might result in a vote against union with Morocco.

Rabat would accept a referendum if the 20,000-25,000 Saharans that it claims live in Morocco are allowed to vote--a precondition that Spain has rejected in the past.



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Algeria and Mauritania--the other North African claimants--presumably would support self-determination for the peoples of the territory. Both oppose an extension of

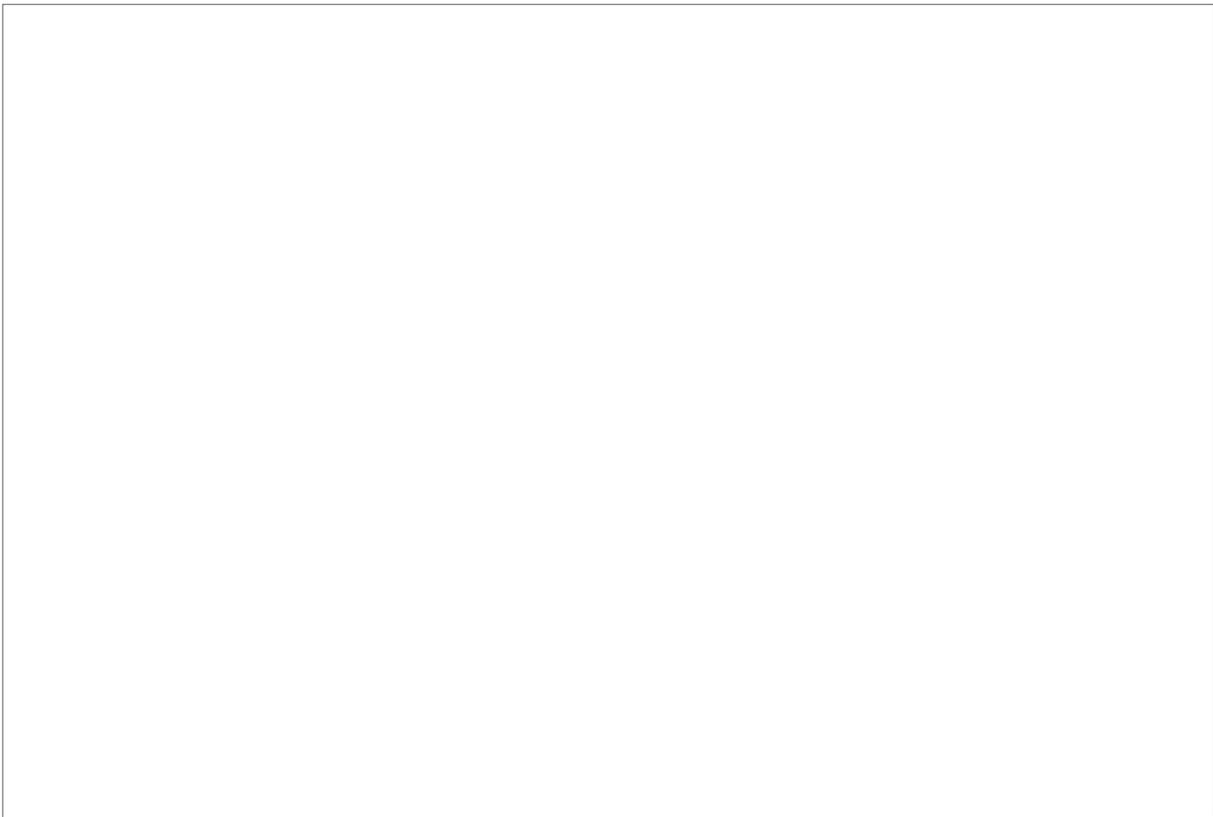
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Moroccan sovereignty and would prefer a plebiscite leading to independence. Mauritania and, to a limited extent, Algeria could easily produce their own "Saharan nomads" to neutralize the votes of those from Morocco.

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ETHIOPIA

The Ethiopian government is beginning a new, more conciliatory effort to resolve its problems in Eritrea, a province that has been troubled by an active revolt for a decade.

Prime Minister Mikael, Defense Minister Aman, and Interior Minister Belachew appealed to parliament yesterday for support of a new policy. Defense Minister Aman, who is on good terms with the politically dominant Armed Forces Coordinating Committee, deplored what he called the former government's exclusive reliance on force.

Aman said he would visit Eritrea on August 26 in preparation for making new policy recommendations for the cabinet. The Interior Minister pledged the appointment in Eritrea of officials suited to implement the new policies and said the government would consider lifting the state of emergency there. He also said the government would review the status of Eritrean prisoners with an eye to granting amnesty.

The government's conciliatory stance results from new pressures on this issue. Last week, the entire Eritrean delegation in parliament resigned in protest against the government's failure to establish new programs for the province. On August 19, a committee of military leaders in Asmara, the Eritrean capital, informed the Armed Forces Coordinating Committee in Addis Ababa that it would attempt to find its own solution to the Eritrean problem if Addis Ababa did not do so in ten days.

The Eritrean Liberation Front is loosely organized and divided. Younger guerrilla leaders insist on independence, but older leaders in exile apparently are more willing to negotiate with the government. The government probably hopes to win the support of the Eritrean public and the moderate rebel leaders. [redacted]

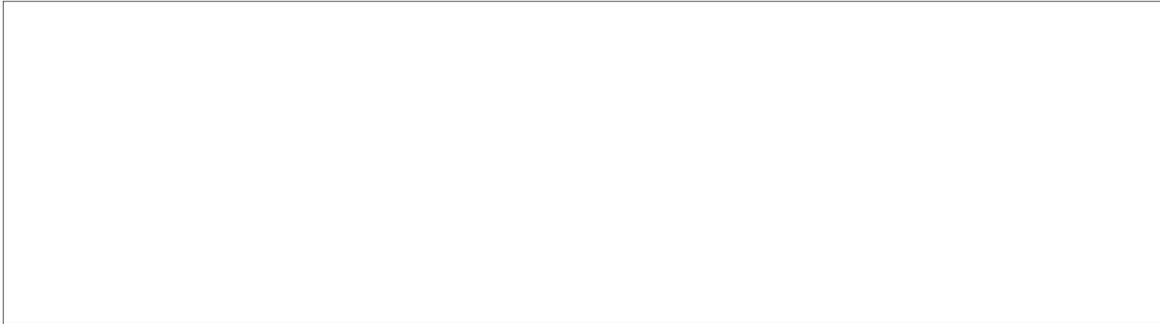
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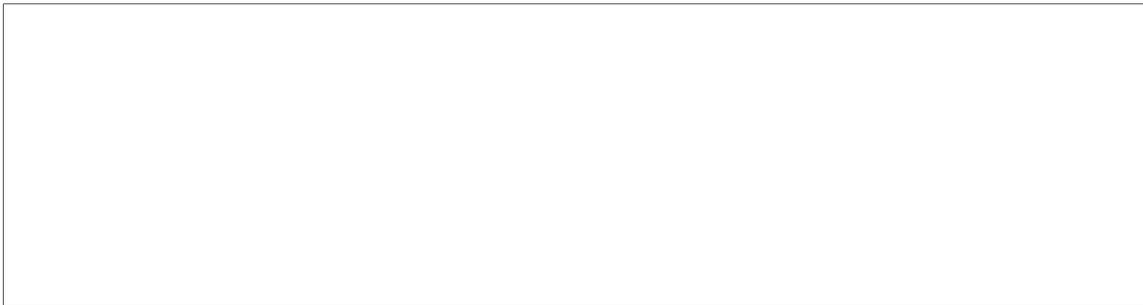
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FOR THE RECORD



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Peru: The missiles exhibited at the Independence Day parade on July 29 have been identified as AS-30s, French air-to-ground missiles. Although initially reported as a surface-to-air missile, technical information indicates the AS-30 cannot currently be used in such a role. It can be used, however, in an air-to-ground role by Mirage 5 aircraft presently in the Peruvian inventory. The missile display may well have been designed to impress Chile with Peru's military might.

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