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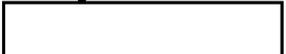
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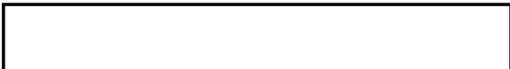
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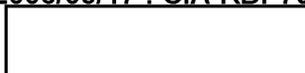


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CYPRUS

The UN Security Council will meet today in response to a Greek Cypriot request to discuss the latest Cyprus crisis brought about by the proclamation last week of a separate Turkish Cypriot state in the north of the island.

Greek and Greek Cypriot representatives at the UN are expected to press for a strong condemnation of the Turkish Cypriot action and the implementation of previous UN resolutions. They may also seek a more direct UN involvement in efforts to find a solution to the Cyprus problem, such as the dispatch of a UN fact-finding mission to the island or a call for the creation of some type of broad conference involving some or all members of the Security Council. Greek Defense Minister Averoff recently stated that despite the opposition of most Western countries to such an "internationalization of the Cyprus issue, Athens now feels that in light of the latest Turkish move, an international conference would be the least humiliating alternative for Greece.

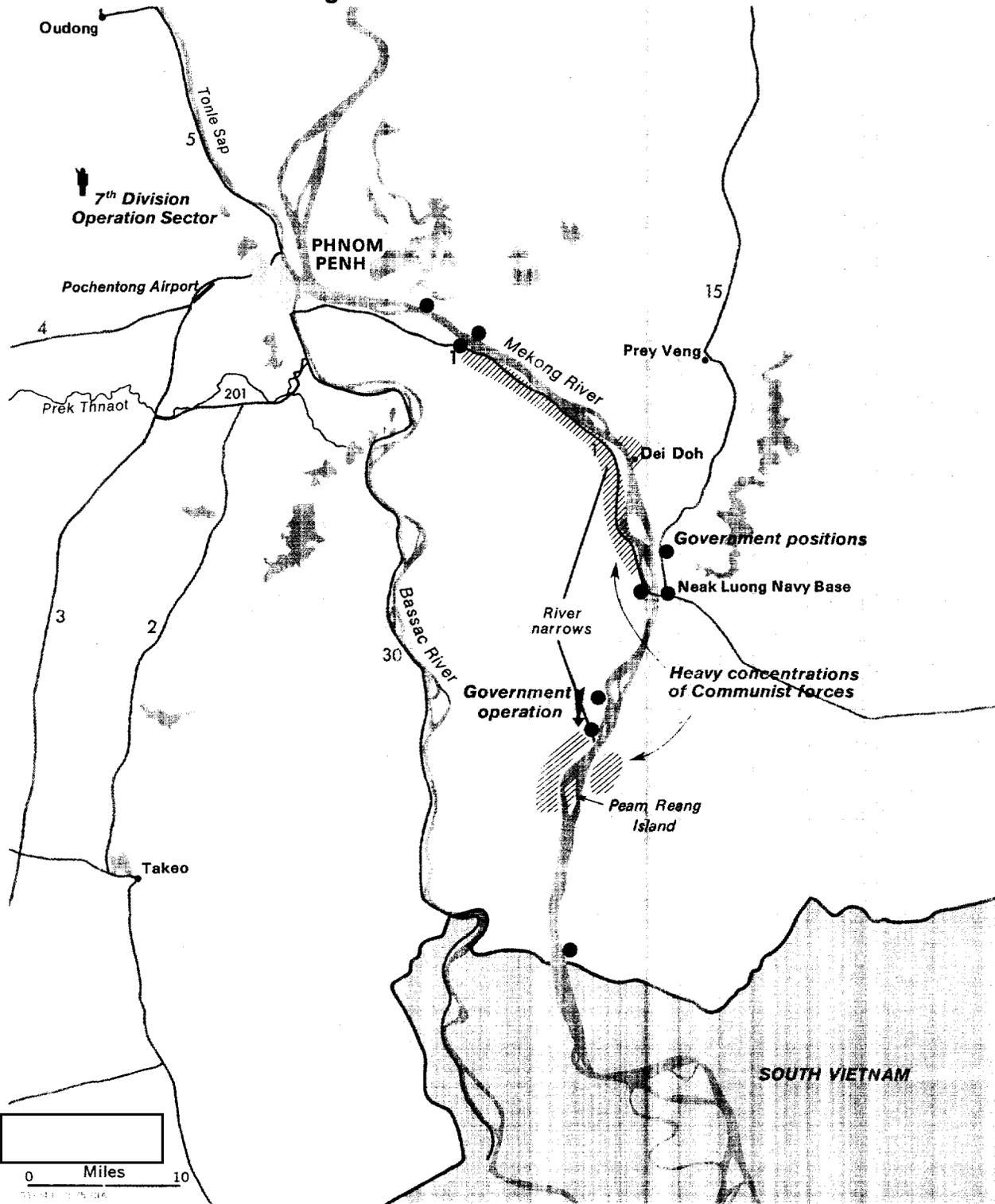
Neither Greece nor the Greek Cypriots are particularly optimistic about the outcome of the council's meetings, but they see no other recourse in view of the Turkish Cypriot declaration and the lack of progress in the intercommunal talks. They apparently hope at least to gain a propaganda victory and to keep the issue in the international limelight.

The council will likely reaffirm its earlier resolutions and may rebuke the Turkish Cypriots; it may also call for the continuation of the intercommunal talks. There have been suggestions that the talks themselves be moved to New York, where they could more directly be carried out under UN aegis. President Makarios has indicated, however, that the talks would not be resumed unless the Turkish Cypriot declaration is revoked, but he may eventually recant, in view of the unlikelihood of this prospect.

Efforts have already begun in the Turkish Cypriot sector of Cyprus to set up the constituent assembly that will serve as the legislative body of the separate Turkish Cypriot state.

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Cambodia: Lower Mekong



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CAMBODIA

The Cambodian high command is still positioning its forces for clearing operations to secure the southern narrows of the Mekong River. The headquarters and two battalions of a brigade have been landed on the west bank above Peam Reang Island, and the brigade is to attack southward as soon as it is joined by the two remaining battalions from Neak Luong. In the north, a brigade-sized unit, supported by armored personnel carriers, is scheduled to make a renewed effort soon to clear Route 1 and the west bank of the river to Neak Luong.

Although the government does not intend to concede the Mekong to the Communists, the chances are slim that it will be successful in clearing the river without committing additional forces. Efforts thus far have been ineffective and costly, largely as a result of piecemeal troop commitments and poor leadership on the ground. The Cambodian army has not yet fully come to grips with the deteriorating situation, and its failure to implement timely countermeasures continues to reduce the probability of reopening the river.

Meanwhile, the 7th Division has launched counter-attacks northwest of Phnom Penh to regain positions lost over the weekend. Although these efforts have apparently blocked Communist advances, further heavy fighting is anticipated.

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SPAIN

Prime Minister Arias' program to liberalize the political system has received a setback.

The decision this week of the moderate reformist politician, Manuel Fraga Iribarne, not to form a political association is likely to discourage other moderates from applying under terms of the new law permitting the development of rudimentary political organizations.

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Arias is continuing to fight his critics on the left and the right. In an interview published yesterday, Arias reiterated his intention to carry out long-term political reforms. He said that General Franco is still in good health for his 82 years, but can no longer bear the sole responsibility for political innovation; all Spaniards must therefore take joint responsibility and join in reform. Arias added, however, that the government will not yield under the pressure of politically motivated strikes. In another move, he dismissed two rightist critics--the head of the National Movement's radio and press department and the editor of its newspaper--for failure to support his program.

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As industrial strike activity continues, the major clandestine labor groups have issued a call for demonstrations today in the Madrid area. The call is primarily directed at white-collar and service workers, who until recently have not participated in strikes. The planners hope that if this "day of struggle" has even limited success, it could be a rehearsal for a general strike later on. Such politically motivated demonstrations have rarely been successful in the past, but might attract wider support in the present atmosphere of labor unrest.

The government may act to reduce tension by issuing a decree granting a limited right to strike. The labor minister announced last week that such a decree is almost ready. The specter of dealing with white-collar strikers might soften rightist opposition to such a decree.

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CANADA-US

Ottawa is considering a cut in exports of natural gas to the US and a steep rise in prices for domestic consumers.

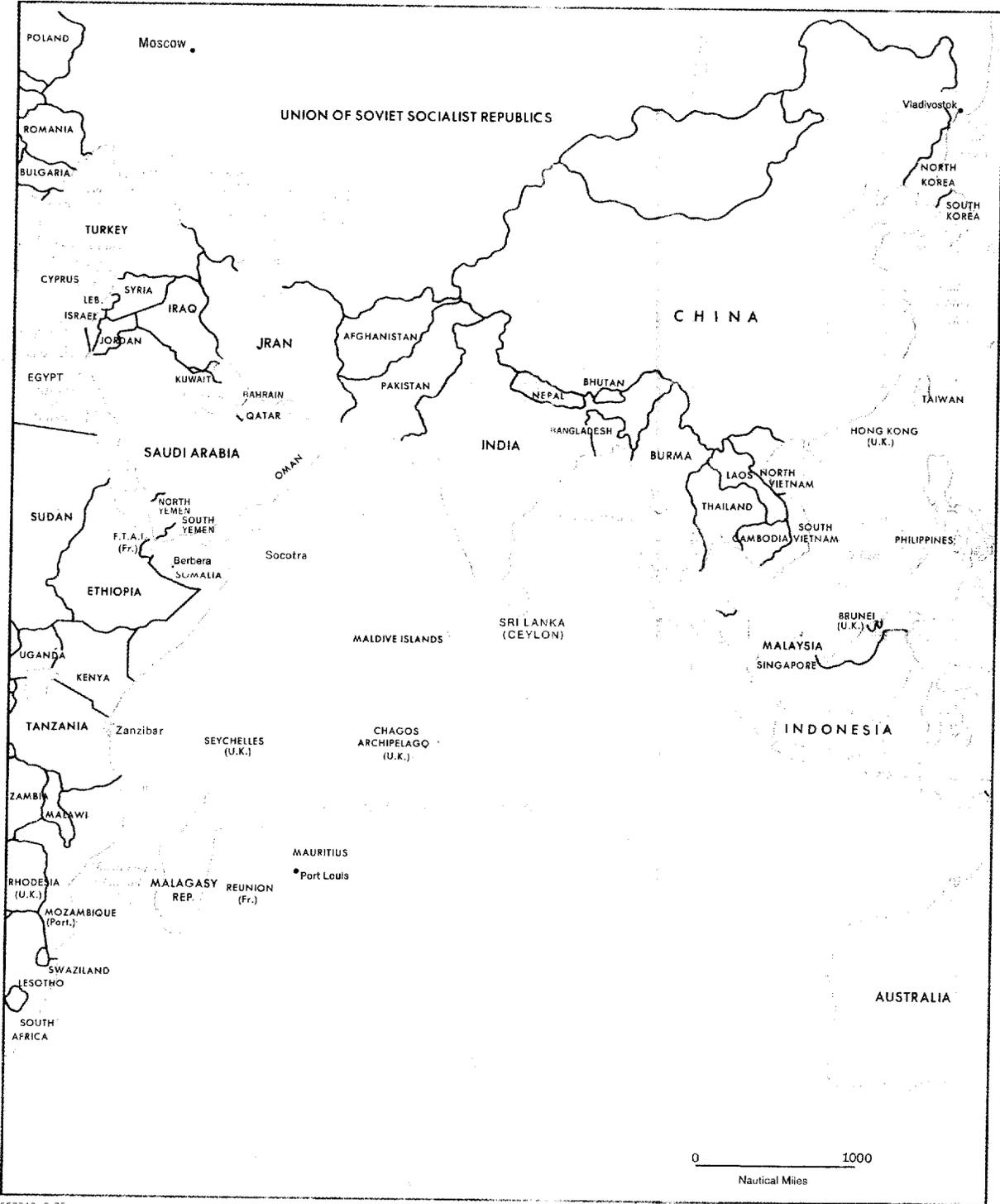
In reply to questions in Parliament about possible retaliatory measures by the US, Energy Minister Macdonald said the US had expressed concern about gas supplies, but there had been no indication of retaliation. He added, however, that although Canada would do its best to provide the US with gas, any suggestion of retaliation would discourage Canada from cooperating with the US in trying to assure delivery of gas.

In response to a question concerning the legality of a unilateral Canadian cut in deliveries of natural gas to the US, Macdonald said the long-term export contracts specify that the gas should be surplus to the reasonable requirements of the Canadian market, and that export permits can be renegotiated. According to Macdonald, this would have the effect of renouncing the contract by force majeure.

An official in the Department of Energy, Mines and Resources has confirmed a press story that Ottawa also plans to propose to Parliament and the provinces a four-stage rise in the price of domestic natural gas. The plan could raise consumer bills as much as 50 percent this year and over 200 percent in certain areas in 1978. The proposed rise is designed to bring domestic natural gas prices up to the equivalent level of domestic crude oil prices. This would provide the petroleum industry with more funds to seek additional gas and to develop the costly Arctic reserves and curb rapidly rising domestic consumption.

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INDIAN OCEAN

Recent naval ship movements in the Indian Ocean have served to demonstrate the political role of naval power in that area.

Following a devastating storm that hit the island of Mauritius in early February, US, French, and Soviet ships all visited the tiny republic and sent crews ashore to engage in disaster relief. The US carrier Enterprise and the French carrier Clemenceau were both in the area and able to render early assistance. As the Enterprise left Mauritius on February 15 on its way out of the Indian Ocean, the Soviet cruiser Dimitri Pozharskiy arrived.

A senior French government official announced that the Clemenceau was being sent to Madagascar, following reports of serious political strife there. The disturbances, however, apparently did not pose a danger to French citizens or economic interests in the Malagasy Republic, and the Clemenceau remained in Port Louis.

The French continue to keep the largest number of naval ships in the Indian Ocean. The regular group of about 16 ships has been augmented since last spring, most recently by the Clemenceau's five-ship task group. When this group leaves next month, another, consisting of the guided-missile frigate Suffren, a destroyer, and an auxiliary, will arrive.

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INDIA-USSR

Defense Minister Grechko will arrive in New Delhi on February 24, the most important Soviet official to visit India since General Secretary Brezhnev's trip in late 1973. One purpose of this visit may be to renew negotiations for additional military aid commitments, an objective top Indian defense officials reportedly have been pursuing without success during trips to Moscow over the past year.

It is probable that Grechko's visit will be the occasion for efforts to ensure there is no erosion in the existing economic and military cooperation, which the Soviets hope will continue. In addition to military aid discussions, Grechko is likely to raise Moscow's pet subject, an Asian collective security system. Moreover, he will probably renew Moscow's bid for the use of Indian naval facilities.

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The Indians expect Grechko to renew the invitation for Prime Minister Gandhi to visit Moscow. Mrs. Gandhi, who was last in Moscow in 1971, reportedly is now considering such a trip in the spring. Her earlier reluctance to return has reflected in part the cooling of Soviet-Indian ties in recent years. India has been dissatisfied with some aspects of its aid and trade relations. Moreover, greater dependence on the USSR conflicts with New Delhi's desire to establish more balanced relations with the major powers.

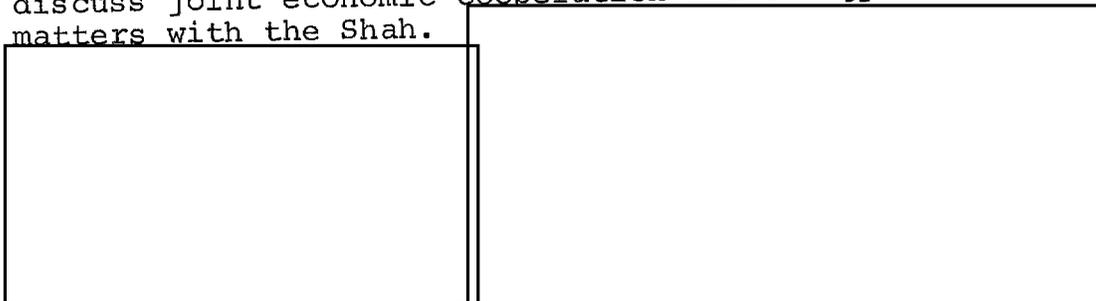


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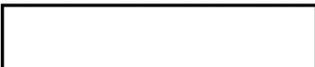
WEST GERMANY - CHINA

Chancellor Schmidt's visit to China, scheduled for March 30 to April 3, will mark the second visit to China this year by a top West German political leader. In planning for the trip, Bonn officials have tried to ensure that the treatment of Schmidt is no less favorable than that accorded Germany's leading conservative spokesman, Franz-Josef Strauss, during his visit to Peking last month. The Chinese permitted Strauss to meet Chairman Mao, and Bonn hopes a similar meeting can be arranged for the Chancellor.

Schmidt's interest in visiting China this spring reflects in part his desire to bolster the political fortunes of his Social Democratic Party with highly visible activity in foreign affairs. As part of this effort, he also plans a brief stopover in Tehran to discuss joint economic cooperation and energy-related matters with the Shah.



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FOR THE RECORD

France: Preparations for France's first underground nuclear test at its South Pacific test site are continuing. According to the press, the French issued their annual "notice to mariners" statement on February 18, warning ships and planes to stay outside of a 42-mile danger zone surrounding Mururoa and Fagataufa atolls. The notice that the closure is valid, at least through the end of the year, suggests that testing may be carried out anytime during this period.

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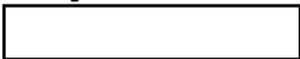
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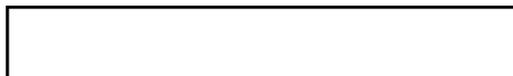
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