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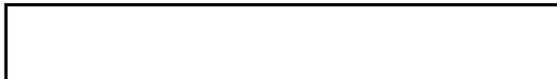


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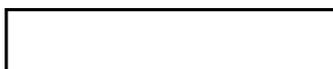
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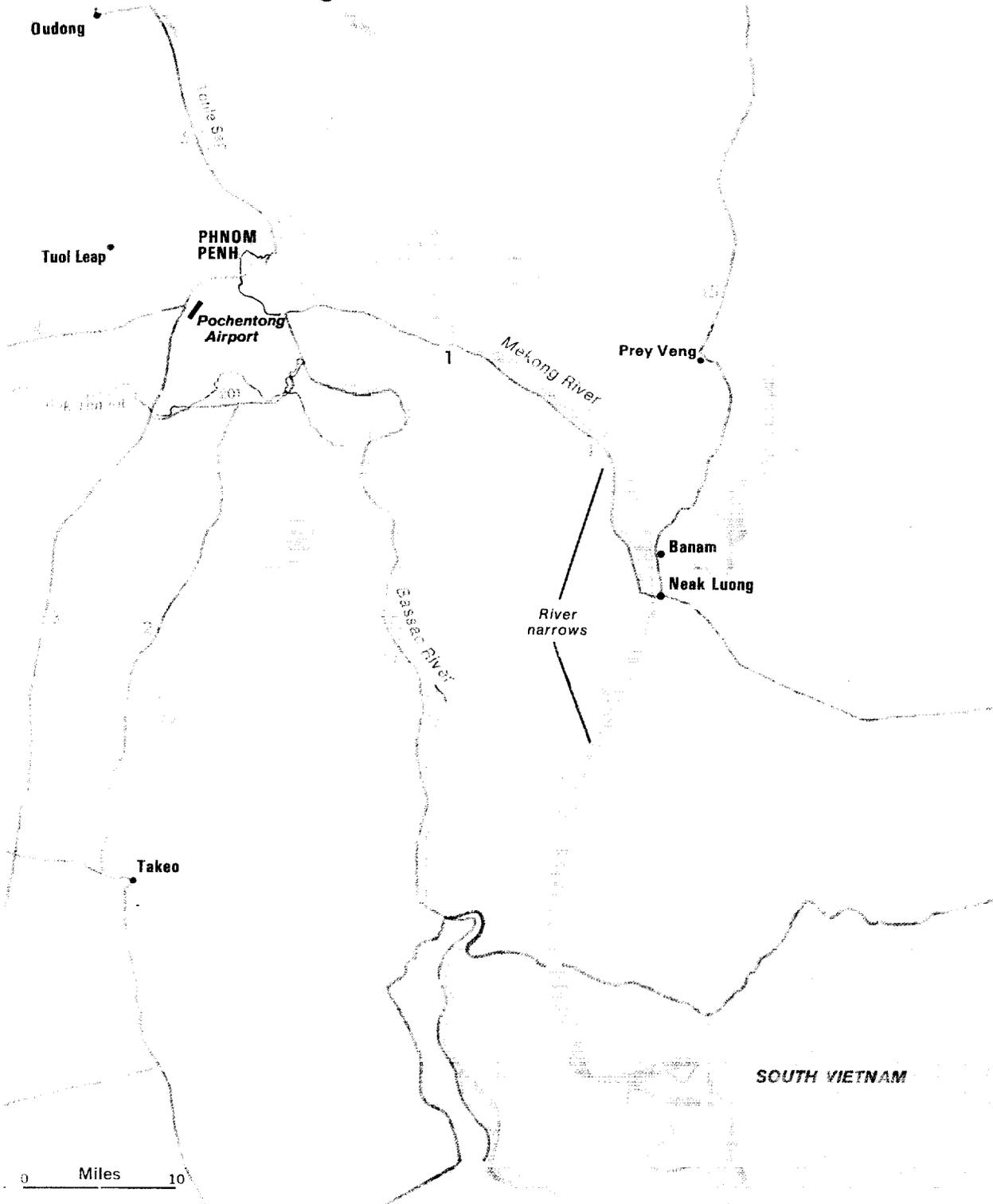
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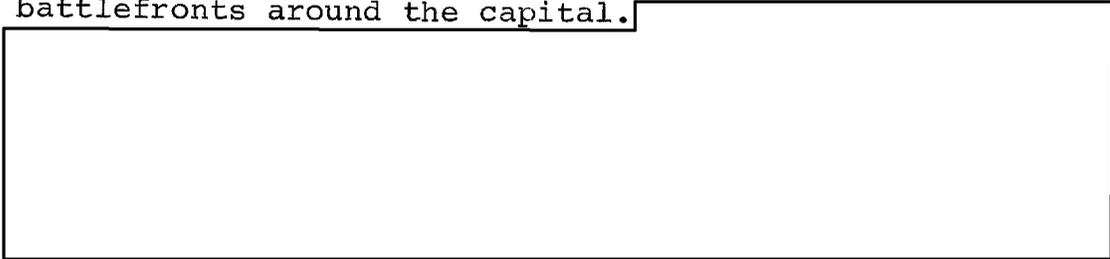
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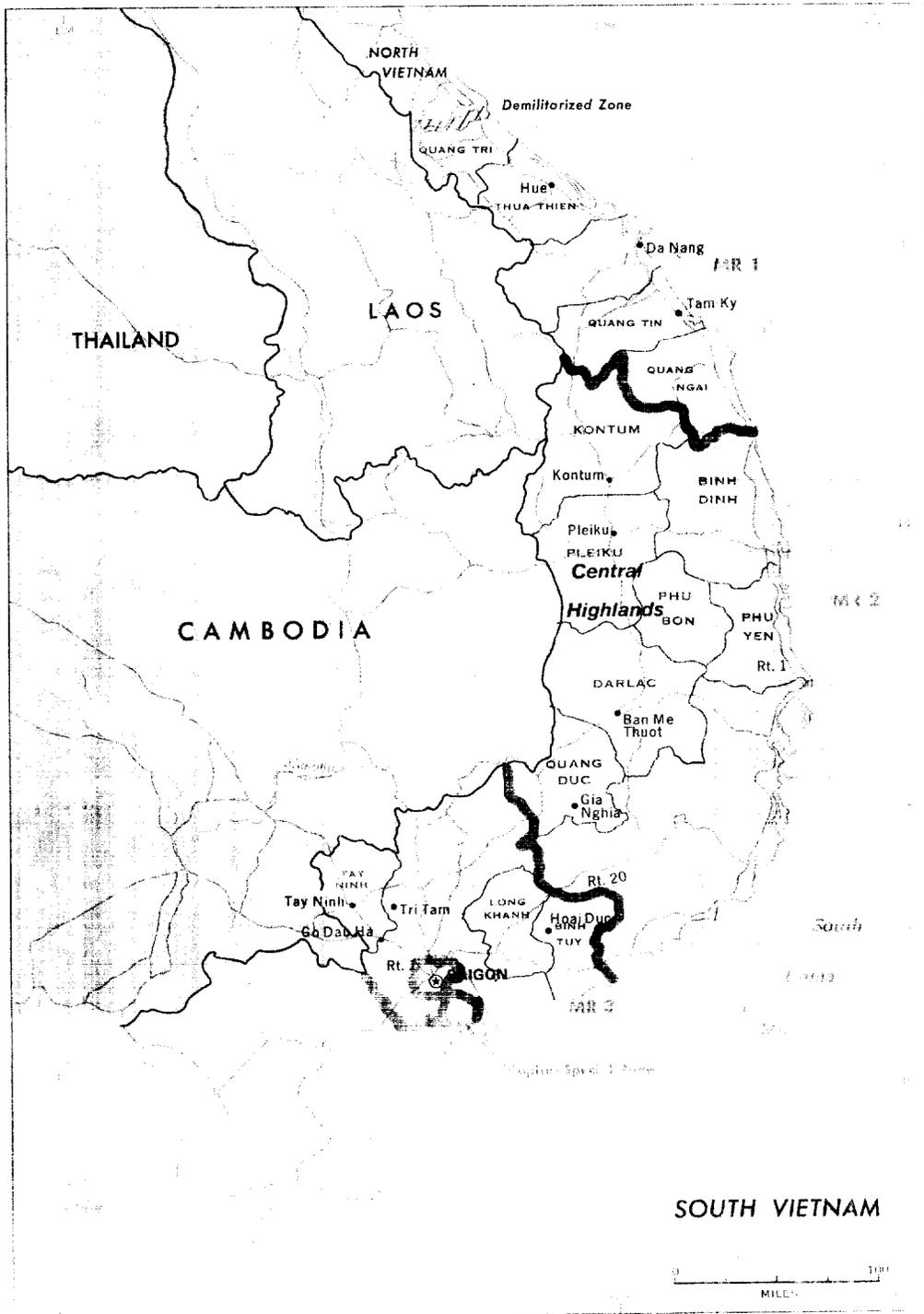
CAMBODIA

The Cambodian navy has temporarily halted convoy traffic from Phnom Penh to the Neak Luong navy base and the nearby town of Banam. Airdrops are now the only means of resupply for the beleaguered government defenders there.

The halt in resupply operations was ordered following the loss of three navy vessels in a convoy bound for Neak Luong over the weekend. Government positions around Neak Luong remain under ground attack, and the navy base itself has been hit by heavy shellings.

Khmer communist units in the Phnom Penh area are continuing to launch intermittent rocket attacks against Pochentong Airport, but no artillery fire has hit near the airfield since government forces reoccupied the town of Tuol Leap on Saturday. The Cambodian army task force at Tuol Leap is scheduled to begin moving today against suspected rocket positions just northeast of the town. Light and inconclusive fighting continues on other battlefronts around the capital.





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SOUTH VIETNAM

Communist forces are having a substantial impact in the early stages of their offensive as the government makes a major defensive retrenchment.

The last South Vietnamese marine brigade has withdrawn from Quang Tri, and the communists are likely to move in against the remaining ranger and regional forces still there. Small actions flared around Hue yesterday, but the most significant fighting in Military Region I was in Quang Tin and Quang Ngai provinces. Communist forces kept pressure on government forces just west of Tam Ky and overran several outposts. The communists blocked Route 1 in Quang Ngai Province, and they seized a number of government outposts near the capitals of the western districts. The government is preparing to abandon these districts.

The situation in the western highlands is deteriorating rapidly. Only one ranger unit has been left to help the territorial forces fight a holding action at Kontum. Military units in Pleiku have been either evacuated or left to fend for themselves, and the Pleiku airfield was closed late yesterday.

The South Vietnamese 23rd Division, ordered to recapture Ban Me Thuot, was being pushed eastward into the mountains yesterday. The road to the coast was still blocked, and attempts were under way to rescue some of the remnants of the division by helicopter. In Quang Duc Province, government units were attacked in every district, and the provincial capital, Gia Nghia, may soon come under attack.

Along the central coast, elements of the North Vietnamese 3rd Division were attacking the South Vietnamese 22nd Division in Binh Dinh Province. Route 1 was cut in Phu Yen Province. Both major roads between the coast and the highlands are blocked by communist forces.

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Closer to Saigon, the communists have attacked along a 20-mile stretch of Route 20 in Long Khanh Province, cutting the last road link between the capital and the highlands. Tank-led attacks reportedly overran a district capital in Long Khanh yesterday. The district town of Hoai Duc in neighboring Binh Tuy Province also came under fresh attack, and Route 1 has been temporarily cut in this area.

An important South Vietnamese outpost less than five miles east of Tay Ninh City was lost yesterday as communist units, probably from the 9th Division, moved west from Tri Tam district town, which they had taken earlier. Reinforced government troops are attempting to push the communists back west of Go Dau Ha, but have encountered stiff resistance.

* * * *

Large numbers of refugees have begun moving from areas being abandoned by South Vietnamese forces in the northern provinces and in the central highlands.

In Quang Tri and Thua Thien provinces, people are moving toward Hue, but they will probably eventually move on to Da Nang when they discover the limited defense the government plans for the former imperial capital. In southern Military Region 1, many people have begun to move toward the coast, and they too will probably try to find safety near Da Nang.

In the central highlands, numbers of people have begun moving out of Kontum, Pleiku, Phu Bon, Quang Duc, and Darlac provinces. The communists are not likely to permit the mass exodus of civilians from the highlands, although no attempts have yet been made to impede their movements.



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POLAND

The Polish Politburo met last Friday to discuss recent disturbances in major industrial cities over shortages of meat and dairy products. It issued a communiqué announcing that:

--increased supplies of pork and butter have been delivered to the market;

--imports of pork and dairy products have been stepped up and exports cut;

--appeals have been made to farmers to increase sales of agricultural products to the state.

These measures will probably overcome the most serious shortages and thus calm the public. The US embassy reports continued grumbling, but no disturbances, during the past week. The shortages result from poor fodder crops last year. Shortfalls in potatoes and sugar beets, which account for more than half of hog fodder, resulted in large-scale slaughtering of hogs by farmers in the last quarter.

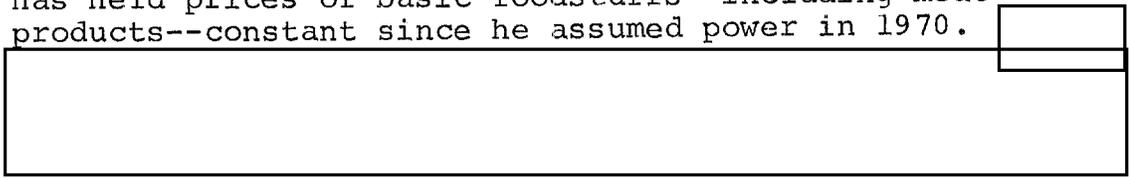
Because domestic storage and processing facilities are inadequate, the resulting spurt in pork supplies forced Warsaw to find foreign buyers. Exports of unprocessed meat in the last quarter of 1974 were one third higher than a year earlier. Polish officials now indirectly concede that they underestimated demand and exported too much pork.

Pork supplies have increased sharply in recent years, but have not kept pace with demand. Increased demand has been fueled by a 44-percent increase in money incomes since 1970 and the traditional Polish preference for pork over other meat. Incomes have increased faster than the availability of housing and consumer durables, and much of the increased purchasing power can only be used to purchase higher quality foods.

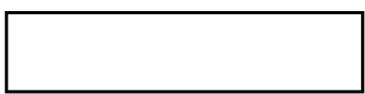
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Party leader Gierek is clearly trying to avoid the mistakes his predecessor made in 1970, when prices were increased to restrain consumer demand. This action helped spark widespread riots, which resulted in a change in party leadership. Gierek has taken fast action to increase supplies of meat through imports, reportedly from the Soviet Union and East Germany. Indeed, Gierek has held prices of basic foodstuffs--including meat products--constant since he assumed power in 1970.

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ITALY

The Italian Communist Party opens its national congress today in a confident mood, but it still faces serious problems in its pursuit of a direct voice in the national government. The main aims of the congress will be to unify the party behind a strategy to overcome these obstacles and to launch the Communist campaign for crucial local elections, expected to take place in June.

The Communists in recent years have made substantial progress toward securing greater public acceptance of the party as qualified to take a place eventually in the national government. Despite the party's improved standing, however, there is evidence of division in Communist ranks over party chief Berlinguer's strategy of seeking membership in a coalition with the Christian Democrats.

At the leadership level, the disagreements seem confined to the timing and modalities of Berlinguer's strategy. Some party leaders would prefer to speed up the process and make fewer demands on the Christian Democrats. Berlinguer, however, and those around him--who will remain in charge after the congress--see the "historic compromise" as a long-term objective that depends on major changes in Christian Democratic policies and leadership.

There is confusion, moreover, among the rank and file, who have trouble grasping the subtleties of Berlinguer's line. Many members fear that the party is sacrificing its revolutionary aims, and they wonder how the national leaders can aim at a modus vivendi with the Christian Democrats while blaming all of Italy's ills on them. Party officials have tried to dispel these doubts, but the congress will doubtless devote considerable time to clearing up the remaining confusion.

Another troublesome topic will be the Communists' strained relations with the Socialist Party. The Communists had hoped to emerge from the congress with a plan

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for coordinating leftist activity in Italy, but the Socialists are refusing to follow the Communist lead. The Socialists, instead, are criticizing the Communists' governmental ambitions, and they are stressing their own demand for a larger role in the center-left coalition.

Finally, the Communists will try again to convince skeptics that they are not subservient to the Soviets. As differences have gradually narrowed between the Communists and the governing parties in fields such as economic policy, the Communists' tie with Moscow has increasingly been seen as an obstacle to their broader participation in any government. The Communists will also point out that they no longer insist on Italian withdrawal from NATO as a condition for their entry into the government.

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CYPRUS

The resumption of the intercommunal negotiations on a Cyprus settlement may be delayed, following a disagreement between Greek and Turkish Cypriots over the venue and the composition of the delegations.

The Greek Cypriots prefer to hold the talks in New York, where they believe it will be easier for UN Secretary General Waldheim to play a substantial role. Turkish Cypriots have opposed any major role for Waldheim and are also reported to fear that talks in New York would be subjected to partisan, pro-Greek pressures. A Turkish Cypriot radiobroadcast yesterday noted that Turkish Cypriot officials would agree to hold the negotiations in any European capital.

The intention to replace Rauf Denktash as the Turkish Cypriot negotiator will further complicate efforts to get the talks started. This move is apparently designed to support Denktash's contention that as president of the newly proclaimed "Federated Turkish State of Cyprus," he is an equal to President Makarios and can no longer negotiate with Glafkos Clerides, who holds a lower official position. Vedat Celik, who presented the Turkish Cypriot case at the recent Security Council debate on Cyprus, will be the new negotiator for the Turkish Cypriot community, according to a Turkish Cypriot broadcast.

The Greek ambassador to Washington told US officials on March 15 that Clerides will be replaced by a lower level official if Celik takes Denktash's seat at the talks. The replacement of Clerides and Denktash with individuals of lesser stature would deal a serious setback to the talks and increase the likelihood that Athens and Ankara would become more directly involved.

Secretary General Waldheim was scheduled to begin contacts with the two sides in New York yesterday in an effort to get the talks resumed. [REDACTED]

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ETHIOPIA

Government paratroops yesterday regained control of the town of Lalibela, seized on Friday by a band of insurgents opposed to recently announced land reform measures. The insurgents fled into the countryside after a brief exchange of fire, and army reinforcements are en route to the area. The small group of US citizens whom the insurgents allowed to leave Lalibela on Saturday has arrived safely in Addis Ababa, 220 miles to the south.

Ambassador Brewer in Khartoum, meanwhile, has learned that an Ethiopian delegation last week held secret talks on the Eritrean insurgency with Sudanese President Numayri. Numayri was unable to get the Ethiopians to agree to his proposal for a cease-fire and for direct, unconditional negotiations between Ethiopia and the Eritreans.

The Ethiopian delegation used the meeting mainly to point out its reasons for rejecting Numayri's proposal, citing the lack of a common negotiating position between the two main Eritrean factions as a major impediment. The Ethiopians also raised doubts about Numayri's ability to act as a neutral mediator, criticizing him for allegedly allowing arms for the insurgents to transit Sudan.

Numayri has not officially sanctioned the arms shipments through Sudan, but some weapons almost certainly have been moved to the Eritreans by this route, probably with the connivance of local Sudanese officials. Most of the Eritreans' arms have been sent from Aden to points along the Red Sea coast.

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Numayri plans to continue encouraging both sides to begin talks. Osman Saleh Sabbe, the leader of one rebel group that so far has rejected talks, is expected to arrive in Khartoum soon. The Sudanese are cautioning other Arab governments that uncritical support for Eritrean independence could harm Arab-African relations. Black African governments, many of which face their own separatist problems, are generally opposed to independence for Eritrea.

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AUSTRALIA

The likelihood of early elections has markedly diminished as a result of factionalism within the opposition Liberal Party.

There had been speculation that the Liberals, with their control of the upper house of Parliament, would, by withholding operating funds, force the Labor government to the polls this spring. Liberal leader Snedden said over the weekend, however, that his party would not vote down the funding bill when it comes up in May.

Snedden may not be the best indicator of Liberal intentions. He has been under sharp attack from the party for ineffective leadership and could, in fact, be voted out during a party caucus later this week. Any successor, however, would be occupied for some months with consolidating his position and would probably be reluctant to face an early electoral campaign. The Liberals might also be held back because of the Labor government's recent rise in public opinion poll standings, even though it still trails the Liberals.

For his part, Prime Minister Whitlam said last week that early elections would interfere with efforts to ease economic problems. Whitlam, however, is becoming increasingly annoyed over Liberal blockage of important segments of Labor's legislative program. He may decide later in the year to exercise his option of dissolving Parliament and going before the voters.

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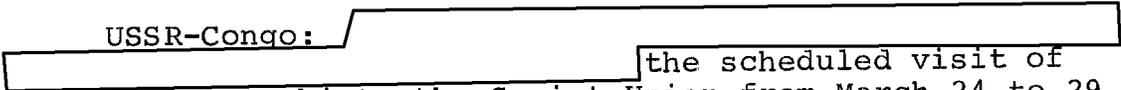
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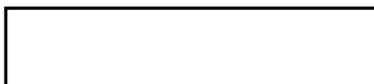
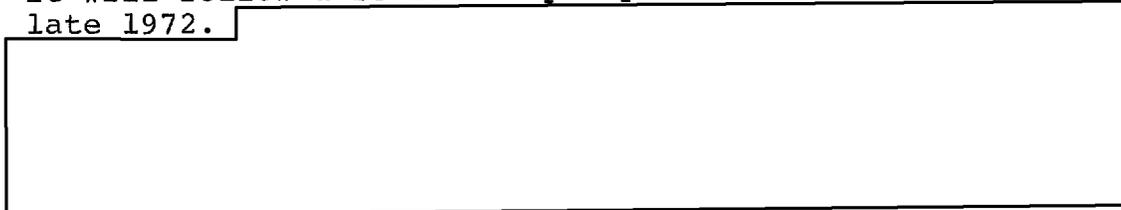
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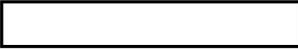
the scheduled visit of President Ngouabi to the Soviet Union from March 24 to 29 may indicate some improvement in the generally cool relations that have prevailed between the two countries in recent years. If President Ngouabi does make the visit, it will follow a series of postponements dating back to late 1972.

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