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LATE ITEM

CAMBODIA

The Cambodian government this morning surrendered to Khmer communist forces who have apparently taken over most of Phnom Penh. The initial announcement was made by the Cambodian embassy in Bangkok, based on reports reaching there from government sources in Phnom Penh. Few details are available, but a cease-fire is reportedly in effect, and the capital is described as calm. The situation in the countryside is unclear [redacted]

The fate of some 30 westerners, including a number of US journalists, who are holed up in a hotel in the northern part of the city is not known. Red Cross representatives in Geneva yesterday declared the hotel a "neutral zone." [redacted]

Three aircraft carrying nearly 90 officers and dependents landed [redacted] yesterday, and other aircraft are expected. So far, there is no word on whether any senior government officials have escaped. Ambassador Dean yesterday talked by telephone with Prime Minister Long Boret, who asked about the possibility of having helicopters sent to evacuate government leaders and their dependents.

On the international front, a number of nations are switching or planning to switch diplomatic recognition to Sihanouk's government. Turkey announced its recognition of Sihanouk's regime yesterday, and Australia plans

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to follow suit today. Canberra has also pledged "substantial" postwar reconstruction aid. The Indonesian Foreign Ministry has ordered its ambassadors in Thailand, Malaysia, Singapore, and the Philippines to sound out their host governments on recognition within a week after the new Cambodian government assumes power.

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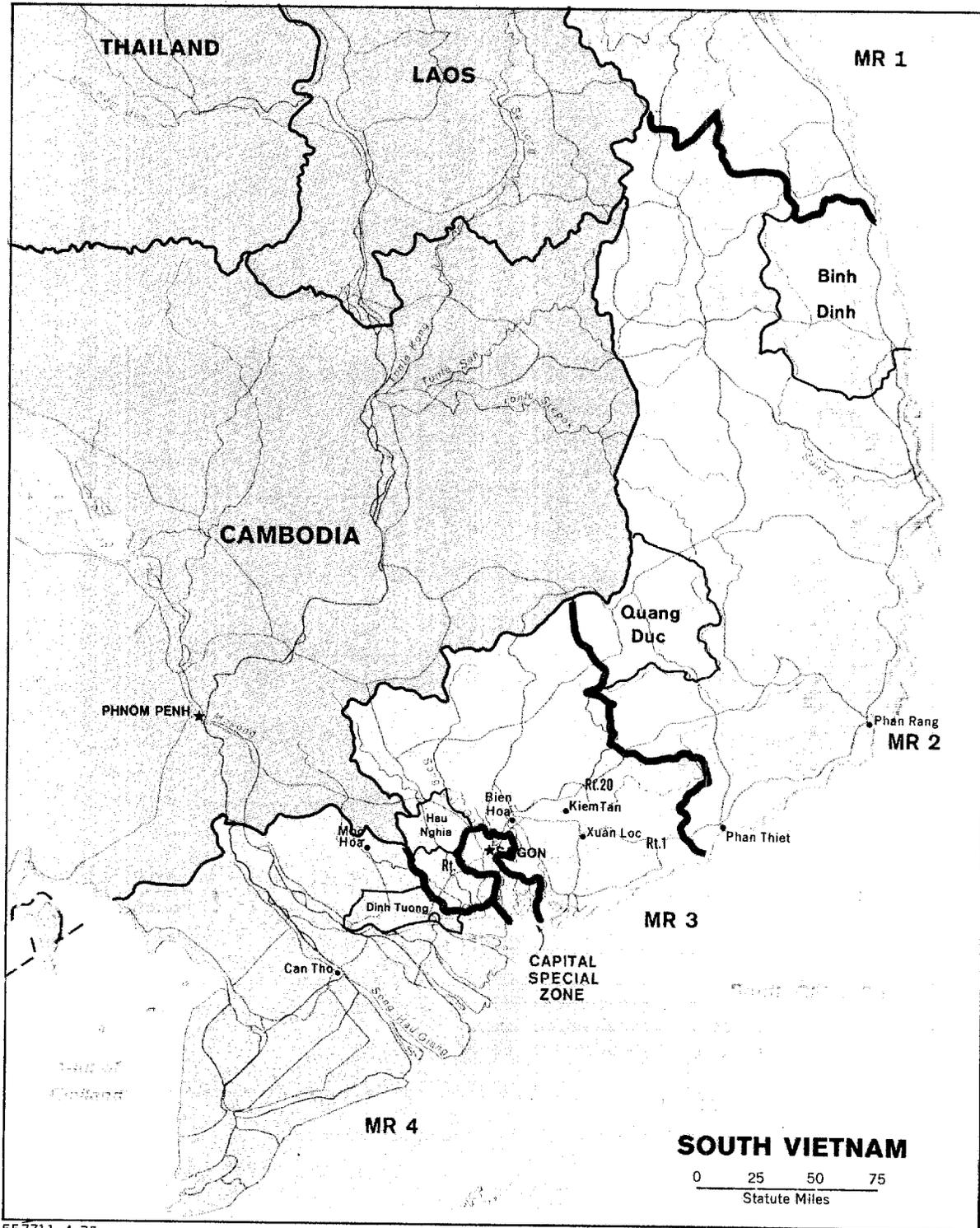
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SOUTH VIETNAM

The arrival of additional combat units north of Saigon, coupled with heavy government losses east of the capital, is setting the stage for heavy new communist attacks within the next two weeks along the western, northern, and eastern approaches to Saigon.

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Although South Vietnamese forces are still holding Xuan Loc, their positions around the city and on the roads west of town are rapidly becoming untenable.

The North Vietnamese launched strong attacks on the airborne brigade just outside of Xuan Loc yesterday. Since other government units defending the perimeter of the city were not attacked, regional officials believe the communists deliberately attacked the strongest unit, hoping to inflict a major loss and thereby sap the resolve of the remaining defenders.

The communists have been putting heavy pressure on the junction of routes 1 and 20 west of Xuan Loc and now control the intersection and much of the surrounding terrain. A series of sharp attacks on a South Vietnamese regiment forced it to retreat yesterday.

About 300 survivors made their way back to South Vietnamese lines, but the regiment is no longer an effective fighting force. Furthermore, the eight artillery pieces destroyed were providing good support to government forces in the area, and the loss of this support further erodes the government's overall position in the Xuan Loc area.

With the rout of the regiment and the fall of Kiem Tan district town, the communists now have complete control of Route 20 and can bring additional combat units directly to the Xuan Loc area from the southern highlands. The communists may decide to leave Xuan Loc isolated and move their force west toward Bien Hoa and Saigon.

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Communist forces, including parts of the North Vietnamese 3rd Division from Binh Dinh Province, routed the government's defenders at the coastal enclave of Phan Rang yesterday.

Remnants of a recently rebuilt 2nd Division regiment, along with the division commander, were apparently evacuated by sea, but the few survivors of the airborne and ranger units are believed to be withdrawing overland toward Phan Thiet to the southwest.

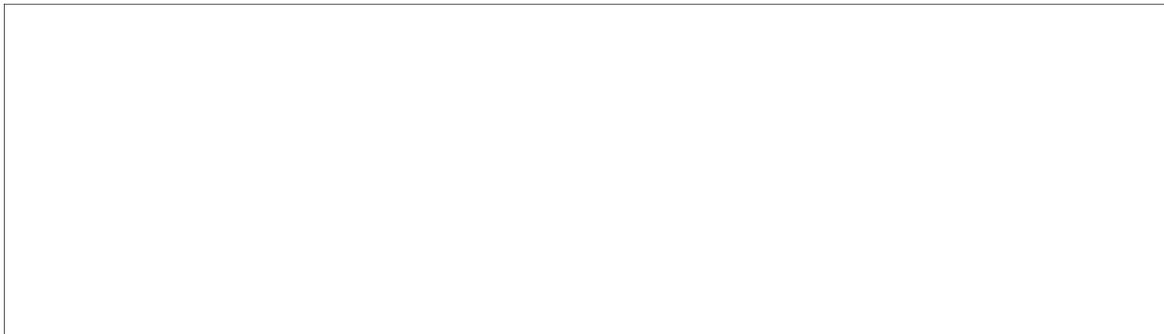
Some regional officials are blaming President Thieu for the defeat at Phan Rang because he had personally ordered the now-shattered forces into this exposed northern enclave. We have no recent reports from Phan Thiet, but the communists are likely to continue their southward thrust through Phan Thiet and then follow Route 1 west toward Saigon.

In the delta, at least two additional North Vietnamese regiments have moved into Dinh Tuong Province from the Cambodian border area

the North Vietnamese could have as many as nine infantry regiments concentrated in the province, and Saigon could soon lose control of Route 4.

To counter this new communist buildup, the commander of the delta region shifted some forces yesterday. He assigned both the South Vietnamese 7th and 9th divisions to the most threatened areas.

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THAILAND

Foreign Minister Chatchai Chunhawan is discovering that hastening the establishment of formal ties with China may not be as easy as he had hoped. He now considers it unlikely that relations can be normalized before the end of the year.

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Chatchai is apprehensive that various branches of the government opposed to diplomatic recognition will be brought into the decision-making process.

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One of the most formidable obstacles confronting Bangkok concerns the legal status of Thailand's sizable overseas Chinese population. Many of the approximately 800,000 Chinese are citizens of the Nationalist government on Taiwan. Large numbers of this group might switch their citizenship to Peking once Bangkok severed ties with Taiwan. Many others would probably prefer to apply for Thai citizenship. Offering Thai citizenship to this group, whose political loyalties have long been suspect, is a highly controversial issue within the government.

Chatchai is under pressure from military and police officials to go slow in normalizing relations, out of fear that a Chinese embassy in Bangkok might serve as a center for espionage and subversion. He will also have to take into consideration the views of the politically powerful Chinese business community, many of whom have extensive commercial dealings with Taiwan.

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MBFR

The fifth round of the force reduction talks in Vienna ends today. There has been no progress in resolving basic differences, and the talks remain stalemated. They are scheduled to resume in mid-May.

Both East and West marked time during this round. The Soviets and their allies offered a revised scenario for negotiating their proposal of last October that called for initial reductions of 20,000 men by both sides in 1975. They also offered to amend slightly their basic proposal of November 1973. Eastern representatives commented informally that they did not expect the West to take these proposals seriously and were not surprised when the Western delegations rejected them.

Neither East nor West has shown signs during this round that they are overly disturbed by the lack of progress in Vienna. The Soviets have never appeared to be under time pressure during the talks. Various Soviet officials have implied that there would be no movement in Vienna until the European security conference in Geneva concludes in a satisfactory manner. In addition, there have been some indications that Moscow is aware that the West is considering a modification of its basic proposals, and the Soviets apparently are content to await such an initiative.

The West Europeans, who have expressed some concern about the stalemate in the past, are now waiting for the US to take the lead on modifying the Western position.

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USSR

The resolution issued by yesterday's Central Committee plenum expressed satisfaction with the fruits of the four-year-old Soviet "peace program" and endorsed continuation of a detente policy. The resolution also observed, however, that the successes of Soviet foreign policy were based on Soviet economic and military strength, and noted that the forces of war and reaction were still active. Its tone was reminiscent of the last such resolution in 1973, although it was perhaps a shade more confident about Soviet achievements.

The resolution put the party's stamp of approval on further progress in the MBFR talks and SALT by holding that political detente must be accompanied by military detente, including arms reductions. It also noted the continuing importance of bilateral and multilateral summitry in improving international relations.

In light of recent international developments, the Soviet leadership apparently concluded that this was an appropriate time for a foreign policy review. Like past Central Committee resolutions, this one is short on specifics.

In contrast to the 1973 resolution, however, the present one makes no reference to China nor to Vietnam. Omitting the former may reflect Moscow's desires to avoid the appearance of doing polemical battle with Peking at a time when the Soviets are trying to prepare the groundwork for international communist party conferences. In leaving out Vietnam, the Soviets may be displaying sensitivity to the implications for detente of the communist gains there.

The plenum's emphasis on foreign policy jibes with reports that Moscow has begun a broad assessment of Soviet relations with the West in preparation for the party congress next February.

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--World developments since the last party congress in 1971 have demonstrated the correctness of Moscow's detente policy, and the policy should be continued.

--The capitalist powers retain great strength and resilience and will rebound from their current economic crisis.

--The economic rewards of detente, especially the increased imports of Western technology, will not in themselves obviate the need for changes in the Soviet political and economic structure if the USSR is to close the technology gap with the West.

This interpretation of Soviet thinking is obviously subject to change, and other Soviets might be prepared to argue that the foreign policy line should be adjusted to take advantage of the changing world situation. Nonetheless, it is consistent with other signs of the mood in Moscow. A recent article in Pravda by the minister of foreign trade, which highlighted the rapid growth of trade with the West, took a strongly self-confident stance, contrasting the strengthened political, economic, and military posture of the USSR with the troubles of the West. During Secretary Simon's visit to Moscow last week, the Soviets made it clear that, while their interest in bilateral trade is still high, it is up to the US to remove political obstacles to increased trade.

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USSR

The Soviet party Central Committee meeting in Moscow yesterday signaled the beginning of preparations for the next party congress and eliminated one of the potential runners in the long-term race to succeed General Secretary Brezhnev. The removal of trade unions chief Aleksandr Shelepin from the Politburo does little to clarify the succession picture, however, and there could well be additional moves within the leadership between now and the convening of the congress.

Brezhnev was clearly in charge at the plenum, delivering a report on plans for the congress, now set for February 24, 1976. Foreign Minister Gromyko delivered a report on foreign affairs, which is usually given by Brezhnev. This continues the trend toward greater collectivity in the leadership that has been apparent since the General Secretary's illness this winter. Since his return to public view, Brezhnev has been pacing himself more carefully. As a result, greater public exposure has been given to his colleagues.

The decision setting the date for the party congress has come earlier and more smoothly than for the 24th congress in 1971. This suggests satisfaction on the part of the leaders with present political conditions and confidence in their ability to set the course of the Soviet Union over the next five years.

The announcement of the opening date for the congress should trigger a cycle of party meetings which will begin in the fall and continue up through the hierarchy, ending by late January or early February. Personnel shifts will probably be occurring from now on at all levels within the party, and final results of these shifts will determine the relative political strength of the various Soviet leaders for the next several years.

Shelepin has long been regarded warily by some of his colleagues as a dangerous combination of ability and ambition, and his departure from the Kremlin removes a

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potential element of instability in the leadership. In 1965, he mounted a serious but unsuccessful challenge to Brezhnev's leadership. When that failed, his career took a precipitous slide. In 1967, he was removed from the party Secretariat and given the trade unions post--a traditionally powerless figurehead position--but he still remained on the Politburo.

Shelepin's visit to England and Scotland last month was greeted by a tremendous outcry in the British press against him personally as a former chief of the KGB and clearly hurt his prospects for the future.

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PHILIPPINES

Recent developments in Indochina are giving President Marcos an opportunity to intensify his efforts to create a more independent foreign policy and to erase Manila's image as an American client state. Despite the current rhetoric, US-Philippine bilateral arrangements are unlikely to be radically changed, at least in the near term.

Recent public questioning of the value of the mutual defense treaty and of the US bases is partly intended to remind Washington not to take the Philippines for granted. Marcos has raised these issues before, when he felt the US was not responding sufficiently to his needs for diplomatic, economic, or military support.

Talks on the future of the bases in fact have been stalled for some time because Marcos himself has demurred on scheduling. There are indications, however, that he wants to establish a definite quid pro quo for the bases, either as an annual rent or as a long-range military aid package for modernizing his armed forces, which are heavily committed against Muslim insurgents in the southern Philippines. Marcos may well assume that chances of greater US military assistance will increase, once the Vietnam war is over.

Since declaring martial law in 1972, Marcos has been trying to balance Philippine foreign policy by improving relations with communist as well as with Third World states. He has established diplomatic relations with the East European states, is negotiating a trade agreement with the USSR, and has held preliminary discussions with Moscow on the possible establishment of diplomatic ties. Philippine representatives are currently discussing diplomatic relations with the Chinese in Tokyo.

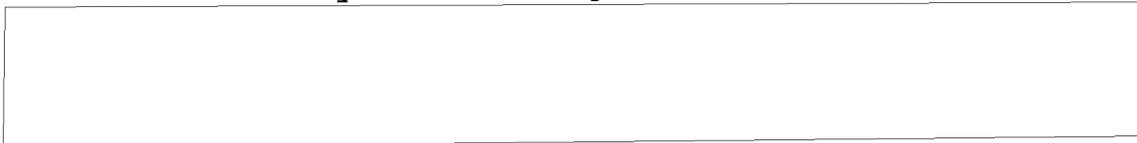
A major impetus to the current pro - Third World and anti-US rhetoric in the Manila press comes from the coterie of Philippine first lady Imelda Marcos. Mrs.

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Marcos has made several highly publicized trips to Third World states, in addition to her excursion to Peking last fall. She claims to be a vital link in Manila's contacts with Asian communist leaders. Her actions of late suggest she is trying to make Third World relations her own foreign policy bailiwick, partly to enhance her status as an independent political power in the Philippine government.

Despite the approaches to communist powers and Manila's assertiveness toward the US, Marcos privately has often been more cooperative with US interests in the Philippines since martial law than before. Without opposition party and with total control over the media, Marcos will continue to have the luxury of speaking for the record one way while acting a different way privately.



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ARGENTINA

Leftist guerrilla groups are planning to escalate terrorism for the next several days to protest the visits of Chilean President Pinochet and Secretary Kissinger.

Pinochet will meet with President Peron on Friday in the resort town of Bariloche, and Secretary Kissinger is scheduled to arrive in Buenos Aires very early the morning of April 24. He will depart on the morning of April 25 for Brasilia.

Massive security precautions are being arranged for both visitors, [redacted]

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During the past few days, terrorists have struck several military installations throughout the country and tried, for the second time, to kill the chief of the Federal Police. These attacks, however, probably are a result of the growing concern among terrorist leaders over the threat posed by right-wing death squads.

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The Peron government has scored some success against the well-organized extremists, but a definite turning point in the struggle is not yet in sight. The terrorists

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continue to mount sophisticated and spectacular operations. Until the security services achieve a significant intelligence breakthrough--and are able to follow up on it--the running battle in the streets between right and left will continue.

Last month, the struggle claimed roughly two victims per day; this month's toll will go even higher. As many as 300 people may have been killed in political violence this year.

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PORTUGAL

The Portuguese cabinet announced on Tuesday measures designed to give a fresh impetus to the economy and to move Portugal closer to socialism. The measures which include further nationalization of Portugal's basic industries, price controls, and a start on agrarian reform were formulated in response to a directive from the military Revolutionary Council issued last Saturday.

Movement leaders want to increase national economic independence because they fear a conspiracy to frustrate their revolution with "economic sabotage." While recognizing Portugal's need for foreign investment and increased foreign trade, Prime Minister Goncalves warned last week that Portugal should prepare itself for a possible international "economic boycott." The Armed Forces Movement wants not only to reduce Portugal's dependence on foreign assistance but also to break the grip of the small number of wealthy families who ran the Portuguese economy during the Salazar and Caetano regimes.

The Movement cannot blame all its economic problems on the oligarchy, however. Dissatisfied workers have taken over several factories, farm laborers have seized large estates, strikes have been threatened, and production has been decreasing. By appealing to the workers for increased production, the Movement hopes to involve them in the economic process.

The government's new economic measures include:

--the immediate nationalization of Portugal's transportation lines, electricity companies, and firms involved in the petroleum and steel industries;

--a study of applying nationalization measures to the tobacco, cement, beer, fertilizer, cellulose, petrochemical, pharmaceutical, ship-building, and heavy machinery industries;

--the initiation of a program of agrarian reform that limits owners of irrigated farmland to 125 acres and extends credit to small and medium farmers;

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--the formation of a program of national employment to create new jobs within two months;

--the institution of a price control policy that will fix prices on essential foods until the end of the year.

As in the nationalization of banks and insurance companies last month, foreign businesses are largely unaffected by the latest measures. One of the companies placed under government control is 25 percent foreign owned, but the foreign interest will not be affected. Government officials have repeatedly gone out of their way to reassure foreign businessmen and to encourage foreign investment.

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THE NETHERLANDS

The Labor Party Congress, dominated by young leftist radicals, adopted on April 12 a number of resolutions that call for defense reductions, eventual withdrawal from NATO unless progress on detente is achieved, and a cheaper replacement for the F-104 than the F-16.

The resolutions are not binding on the five-party coalition government and Foreign Minister van der Stoep on April 15 announced that his country's foreign policy will not be altered. Prime Minister den Uyl, in a closing speech at the congress, avoided comment on the resolutions, but did question how detente could be advanced by undermining NATO.

The leftists pressed the congress to call for a reduction in defense spending to 3 percent of national income before the end of 1978. There is to be no increase in support to NATO and no new military training facilities. The resolution also calls on NATO to declare that it would not initiate a nuclear attack and urges a considerable reduction in tactical nuclear arms to pave the way for a nuclear-free Europe. Dutch military personnel would be relieved of all nuclear weapons assignments, and NATO would be required to remove tactical nuclear weapons from the country if it fails to include them in the MBFR talks prior to 1978.

After a bitter debate, the congress declared that the F-104 replacement should be a reasonably cheap aircraft that must not be so technically and qualitatively advanced as to stimulate the armaments race. It should perform no nuclear role and be designed only to provide support to ground forces. The government is expected to reach a decision on the replacement by the end of April.

Although the resolutions are not binding, they do pose problems for Prime Minister den Uyl and other moderate Labor Party leaders who head the key ministries of defense and finance. The Prime Minister expects the NATO membership question to be revived prior to the national

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elections in May 1977. Should he support the anti-NATO Labor Party resolutions, the Catholic and Antirevolutionary parties would likely refuse to join in a future coalition. On the other hand, should den Uyl fail to support the Labor platform, he could be dropped as the party's candidate.

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LEBANON

Palestinian and Phalangist leaders yesterday agreed to a cease-fire in Beirut. Sporadic firing continued after the accord was announced, apparently the work of isolated units from both sides that failed to get the word.

As announced by Prime Minister Sulh, the agreement obliges the two groups to withdraw all their forces from public places. The agreement is to be enforced by the Lebanese internal security services rather than the army, which has managed to stay out of the fighting.

The Phalangists accepted the cease-fire agreement only after suffering heavy property damage and many casualties. President Franjiyah and other Christian leaders apparently persuaded Phalanges Party leader Jumayyil that prolonged fighting would draw in major fedayeen units, which could defeat the Phalangists.

Leaders of the three most radical fedayeen groups met with their more moderate colleagues in Beirut yesterday morning and reportedly agreed to go along with the cease-fire. They presumably were persuaded to take this step by their own heavy losses and doubts that the larger fedayeen organizations, Fatah and Saiqa, would enter the fighting in force.

The moderates' refusal to become heavily involved in fighting probably was the result of a calculation that a major encounter with the Lebanese army during the uncertainty over Middle East peace negotiations would only play into the hands of Arab "rejectionists" and reduce further the likelihood that the Palestine Liberation Organization would be invited to the Geneva talks.

Zuhayr Muhsin, head of the Syrian-controlled Saiqa organization, kept his followers out of the dispute.

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BRAZIL

Recent comments by Brazilian officials on the proposed Latin American Economic System (SELA) being pushed by Mexico and Venezuela suggest that Brasilia is giving serious thought to eventual support for the group.

The comments were sparked by the visit of Venezuela's planning secretary to Brasilia, where he held talks with President Geisel, the heads of seven ministries, and the chief of the National Development Bank. Despite the lack of visible, concrete results, the number of top-level contacts is an indication that Brazil attached considerable importance to the visit.

Foreign Minister Silveira told newsmen that Brazilian participation is under study and depends on whether the group, if formed, proves "operationally effective" and "able to meet the needs of its members." Other Foreign Ministry sources stressed that the group should not be aimed at confrontation with the US and must be better run than existing hemispheric organizations if Brazil is to join.

Brazil is wary of attempts by other Latin nations to establish themselves as competitors for regional leadership. Until recently, Argentina had been the main source of concern. Now, however, Mexico and particularly Venezuela, which have championed the creation of an exclusively Latin economic system, have emerged as claimants for such a role. By holding open the possibility of eventual participation, the Brazilians appear to take seriously the prospects for SELA, especially in view of the wealth and aggressive political leadership provided by Venezuela.

For the time being, Brasilia is postponing a commitment, until it can more accurately gauge the appeal of SELA. The Brazilians genuinely wish to avoid provoking the US, their most important trading partner. At the same time, however, Brasilia does not wish to remain outside the group if it holds the promise of attracting substantial Latin support. If SELA does become viable, Brazilian membership is a very real possibility. Indeed, Brazil's active participation would enhance SELA and induce other undecided nations to join as well. [redacted]

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RHODESIA

Talks between Rhodesian Prime Minister Smith and the African National Council on a constitutional settlement appear unlikely to reopen soon. Although the decision of Rhodesian nationalist leader Ndabaningi Sithole earlier this week not to return to Salisbury from Tanzania removes one obstacle to resuming the talks, recent statements by council leaders strongly suggest they are not ready to deal with Smith. Smith himself put a new obstacle in the way of further talks by arresting 18 other nationalists earlier this month.

The council broke off talks with Smith in early March after Sithole was detained by Rhodesian authorities on vague charges of plotting to kill rival council leaders. Under pressure from South Africa, Smith released Sithole to attend a special OAU meeting last week on southern Africa in Dar es Salaam. Rather than return home to possible reimprisonment, Sithole announced he was remaining to set up a new council office in the Tanzanian capital.

According to the Zambian foreign minister, Rhodesia placed no time limit on how long Sithole could remain outside the country. Smith presumably is glad to be rid of Sithole, whom he has always regarded as the most intransigent of all the council leaders. Presumably, both Smith and the nationalists can now ignore the technical question of whether or not Sithole is still in detention and could resume negotiating if they choose.

Council leaders, however, are raising other conditions they say Smith must meet before talks can begin again. Bishop Muzorewa, head of the council, implied to the OAU session that talks could not resume unless Smith fulfilled all of the conditions of the truce agreement both sides accepted last December. He specifically cited Smith's failure to release all political detainees, the continuation of political trials and executions in Rhodesia, and Smith's refusal to remove restrictions on travel inside Rhodesia by nationalist leaders. The council also said that there would be no meeting with Smith until the 18 nationalists arrested this month were released.

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FOR THE RECORD

Egypt: At least 21 recently delivered Soviet MIG-23 Floggers are being assembled at Jiyanklis Air Base near Alexandria by some 150 Soviet contract technicians. The defense attaché indicates the Egyptians expect to have two Flogger squadrons operational in about nine months. This is probably a realistic objective.

North Korea: President Kim Il-song, who only rarely travels abroad, will soon visit Peking, possibly as early as Friday. He is likely to discuss the implications of the deteriorating US position in Indochina for the Korean peninsula and may also seek increased Chinese aid and political support. The visit is the North Korean leader's first announced trip abroad since 1965 when he went to Indonesia. The last time Kim is known to have visited Peking was in 1961, at which time he signed a mutual defense treaty with China.

Chad: A nine-member ruling military council was formed on April 15, two days after the coup against President Tombalbaye. The council president is General Malloum, the well-respected former armed forces commander who had been detained by Tombalbaye since 1973 for alleged coup plotting. Colonel Djime, commander of the gendarmerie and one of three top military leaders arrested by Tombalbaye earlier this month, has been installed as vice president. General Odingar, who led the coup against Tombalbaye, is a member of the council. The council has established four commissions to administer the government and has promised additional appointments soon. The constitution has been suspended, the National Assembly dissolved, and all political activity has been banned.

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