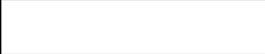


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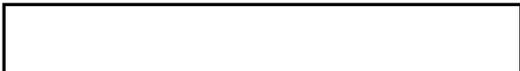
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National Intelligence Bulletin

State Dept. review completed

DIA review(s) completed.



Top Secret

May 20, 1975

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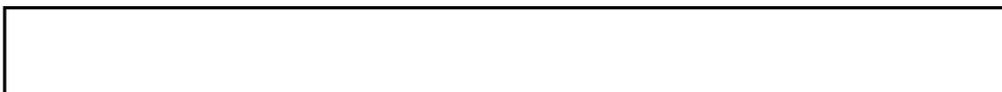
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National Intelligence Bulletin

May 20, 1975

CONTENTS

25X1



PORTUGAL: Proposals being considered
would preclude major role for parties 3

GREECE-TURKEY: Foreign ministers'
meeting concluded 5

SPAIN: Political violence in Basque
provinces increases 6

25X1



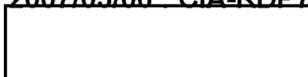
NORTH KOREA: Efforts to open
dialogue with US resumed 12

25X1



ANNEX: Cape Verde Islands
Move Toward Independence

25X1



25X1

Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010034-7

Next 2 Page(s) In Document Exempt

Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010034-7

National Intelligence Bulletin

May 20, 1975

**PORTUGAL**

The Portuguese Armed Forces Movement's 240-man general assembly met yesterday to consider proposals that would preclude any meaningful role for political parties by establishing "direct links between the military and the people."

One report presented to the assembly reportedly discounts the results of the constituent assembly elections and warns the military that the elections have increased dissension among political parties and jeopardized the "alliance of the people and the Armed Forces Movement." The document suggests that the ties can be renewed by linking the Movement with "popular structures," such as residents' and workers' committees.

According to the press, the report focuses much of its criticism on the Socialist Party, which is blamed for creating divisions in the working class. Socialist Party leaders Soares and Zinha unexpectedly drove to the assembly meeting last night and demanded to speak with members of the Revolutionary Council.

National Intelligence Bulletin

May 20, 1975

Attacks on the elections and the victorious Socialists may also be directed at moderates in the Movement, especially President Costa Gomes, who has been outspoken in his praise of the elections and has argued that its results will have an impact on the government.

Continuing tensions between the Socialists and the Communists may help convince Movement officers to vote against the continued role of political parties. Communist printers yesterday seized control of a Socialist newspaper, one of only two remaining newspapers not under Communist or government control. The incident is threatening to lead to a violent confrontation by members of the two parties, as thousands of Socialists gathered outside to try to regain control of the paper but were barred by armed paratroopers.

It is not certain whether the printers were acting on their own or with the approval of the Communist Party. Party leader Cunhal appears concerned, at least on the surface, that continuing friction between the two parties could have serious repercussions. In a speech published yesterday, he expressed the fear that the military will ultimately condemn all political parties and said that this could only lead to a split between the military and the people. Cunhal appears convinced that his party would receive no special treatment if political parties were to be abolished.

The Communists have also expressed concern over the action of extreme leftists of the Reorganizing Movement of the Proletariat Party who, in concert with a leftist army regiment, claimed last weekend to have uncovered a "vast net of fascist conspirators" planning a "bloody armed repression." The artillery regiment, the object of attack in the March 11 abortive coup, announced it had arrested at least 20 of the "conspirators" and was holding them in their barracks.

A Communist editorial in a daily government-controlled newspaper denounced the "absurd behavior" of the Reorganizing Movement in trying to prevent the transfer of the prisoners from the barracks to a military prison. It also questioned who was in control in Portugal and asked how long the revolutionary process can withstand such unrest.

The struggle for leadership in the Armed Forces Movement and increasing clashes between political groups have moved Portugal further toward a breakdown in order.

25X1

National Intelligence Bulletin

May 20, 1975

GREECE-TURKEY

The Greek and Turkish foreign ministers concluded three days of talks in Rome yesterday with a noncommittal communique stating that "in an atmosphere of good will" they had made a first study of the text to be submitted to the International Court of Justice on their conflicting claims to mineral resources in the Aegean. The Turkish foreign minister later announced that a summit meeting had been arranged between Greek Prime Minister Karamanlis and Turkish Prime Minister Demirel, which will take place during the NATO meetings in Brussels at the end of the month.

The initial stages of the talks did not go well. Greek Deputy Foreign Minister Stavropoulos told the US embassy that the Turks staked out their maximum bargaining position on both Cyprus and the Aegean. The Greeks could not tell if this was a negotiating tactic that might be followed by concessions or whether the Turks planned to hold closely to their opening position, believing that they were negotiating from strength and had the alternative of military action to attain their objectives if bilateral negotiations broke down. Stavropoulos claimed that he had received several unconfirmed reports that the Turks were planning some kind of military action against the Greek islands in the second half of June. We have no evidence to suggest that the Turks are planning such a move.

Stavropoulos said the Turks were still insisting that the Greeks accept the principle of a bizonal settlement in Cyprus in advance of discussing other aspects of a settlement in detail. The Greeks do not exclude a bizonal settlement but want other aspects of the settlement clarified.

On the Aegean, the Turks insisted upon discussing the substance of the continental shelf issue rather than its referral to the World Court, as previously agreed upon. The Turks have agreed to the referral but would prefer to settle the matter in bilateral negotiations.

Despite the lack of progress at the talks, the Turks argued for an optimistic, "flamboyant" communique. The Greeks believe this was an attempt to influence the vote in the US Senate on the Turkish military aid cutoff, then being debated.

25X1

National Intelligence BulletinMay 20, 1975

SPAIN

Despite the imposition of security restrictions in two Basque provinces, political violence is increasing. Continuing terrorism by Basque separatists in northern Spain has created a backlash of right-wing actions against suspected sympathizers of the Basque Fatherland and Liberty (ETA) guerrilla organization. The situation is likely to lead to even stricter measures, including the imposition of a curfew in the Basque area.

Four persons were killed in Guernica last week, including a Civil Guard officer and an ETA terrorist. The police have linked the killings to members of a new ETA commando group that allegedly operates from France. The incident has provoked anti-French demonstrations in the Basque provinces and is likely further to strain relations with Paris. Madrid's belief that the French have been too indulgent with Spanish Basques who take refuge across the border was highlighted at a recent rally in Bilbao where the under secretary of the interior accused the French of abetting ETA terrorism.

Meanwhile, extreme rightists have responded to the actions of the Basque separatists by attacking, bombing, or destroying a number of business establishments belonging to suspected Basque sympathizers. Three pro-Basque priests were beaten last week and the papal nuncio in Madrid reportedly believes that this has seriously strained the church hierarchy's relations with the government.

Rightists have also sharply criticized the Spanish government. Some 5,000 attended a rally in Bilbao on May 12 that was billed as a "national patriotic" demonstration. The rally had an old-time Falangist flavor and included circulation of a leaflet demanding Prime Minister Arias' resignation and replacement by "a government of national salvation." The rightist press has criticized the government for its failure to preserve public order in the Basque area.

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Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010034-7

National Intelligence Bulletin

May 20, 1975

NORTH KOREA

Pyongyang has apparently reopened its three-year-old campaign to secure direct talks on Korean military issues with the US. In two very unusual contacts last week with American diplomats at the UN and in Kinshasa, North Korean officials, in addition to putting forth the standard demand for withdrawal of US troops from South Korea, asked bluntly what plans the US had for the post-Vietnam era in Asia.

There was a round of similar "diplomatic" approaches last fall. Pyongyang has also tried to engage the US government in bilateral dealings by sending letters addressed to Congress, one in 1973 and another in 1974—both delivered via the Romanians. Pyongyang has also taken occasional soundings of Romanian and Indonesian willingness to act as an intermediary in any secret talks.

In trying for an official dialogue, Pyongyang is probably motivated in the first instance by a desire to probe US willingness to go over the heads of the South Koreans in dealing with the North. Direct Pyongyang-Washington talks, under most foreseeable circumstances, would be a psychological blow to a South Korea already shaken by recent events in Indochina.

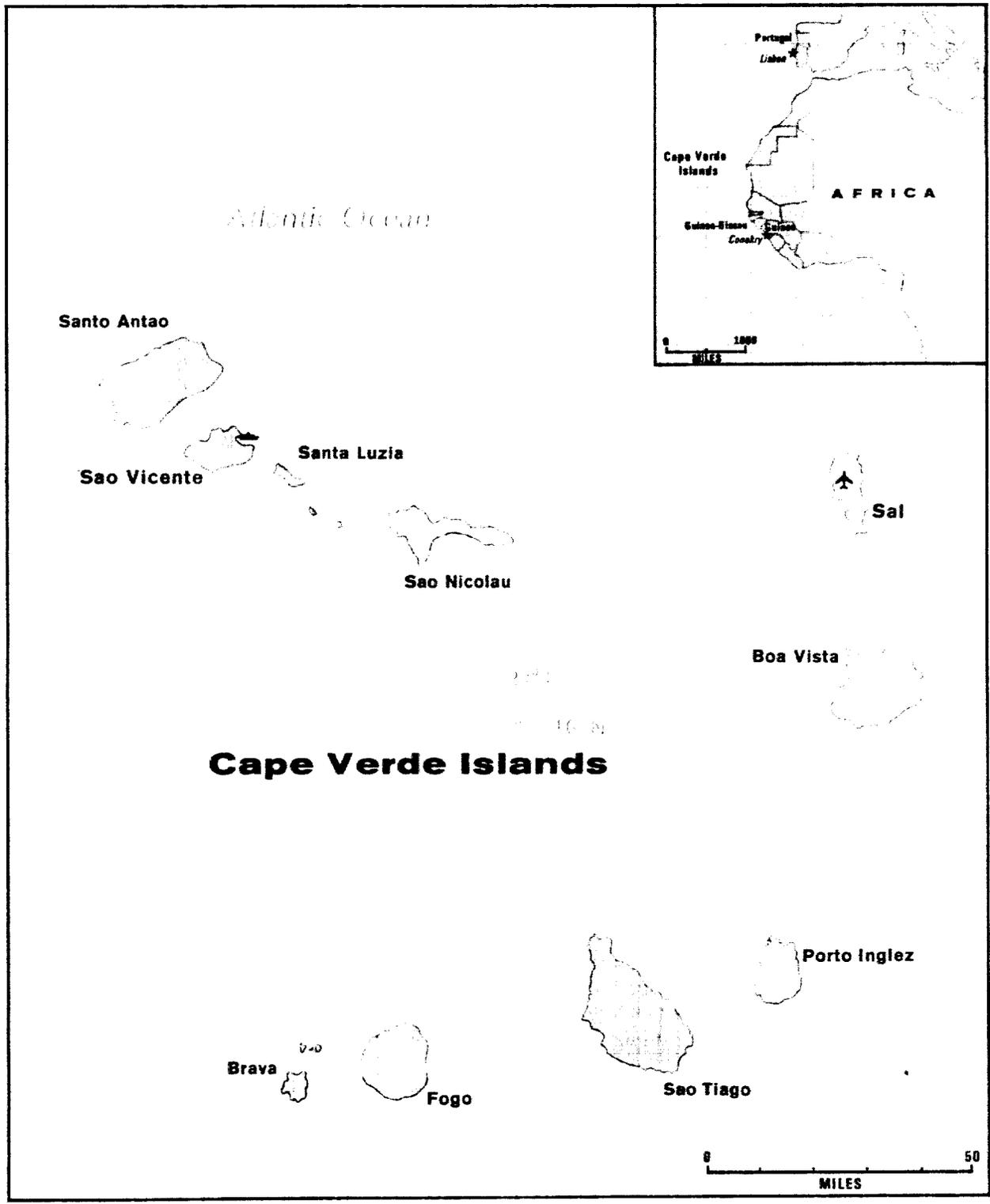
Pyongyang probably also reasons that contact with the US—or even publicized attempts at contact—would further its carefully cultivated image of reasonableness just prior to this fall's UN consideration of the Korean issue. It might also prompt Western nations now contemplating recognition of the North—for example, the UK—to perceive a less negative US attitude toward such moves.

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Approved For Release 2007/03/06 : CIA-RDP79T00975A027700010034-7



National Intelligence Bulletin

May 20, 1975

ANNEX

Cape Verde Islands Move Toward Independence

The African Party for the Independence of Portuguese Guinea and the Cape Verde Islands (PAIGC) will most likely control the Cape Verde Islands when they receive independence from Portugal on July 5. The PAIGC maintains close relations with the USSR, which gave the party strong political support and was its principal supplier before Guinea-Bissau became independent last year.

The party's control of the strategically located Cape Verde Islands could present the Soviets with an opportunity to extend their influence and presence in West Africa and the central Atlantic Ocean area. Officials of the PAIGC have stated, however, that they will not agree to any foreign military presence in Guinea-Bissau or on the Cape Verde Islands.

Strategic Location

The Cape Verde Islands are situated in the central Atlantic Ocean, some 300 miles off Africa's west coast and 1,800 miles from Lisbon. This position astride the shipping route from Europe around the Cape of Good Hope to the Indian Ocean and the Persian Gulf has a potentially high strategic value to the USSR. Portugal has constructed a well-developed airfield—some 10,800 feet long—on Sal Island and has improved port facilities on Sao Vicente, where there is an excellent natural harbor.

Soviet access to port and air facilities on the Cape Verdes would shorten the reaction time of Soviet naval and air units targeted against US naval operations in the vicinity of the Mediterranean approaches and in the eastern Atlantic. The Soviets' maritime reconnaissance operations would gain flexibility and their antisubmarine warfare capability would be enhanced with the acquisition of an alternative facility for shorter range aircraft, such as the IL-38 May. This would end the Soviets' need to rely solely on TU-95 Bear D reconnaissance operations from Conakry, Guinea, some 700 nautical miles to the southeast. Overflight rights, however, would have to be granted by several countries along the Mediterranean littoral to such shorter range aircraft.

Politics

After fighting PAIGC insurgents for more than a decade, Portugal granted final independence to Portuguese Guinea—now Guinea-Bissau—in September 1974.

National Intelligence Bulletin

May 20, 1975

The eventual disposition of the Cape Verde Islands, administered by the Portuguese as a separate territory, played an important role in the settlement between the PAIGC and Portugal. The accords signed last August affirmed Cape Verde's right to self-determination and independence. A subsequent agreement called for a transitional government to be formed in January, followed on June 30 by the election of a legislative assembly. The assembly would then choose either autonomy or some form of union or federation with the PAIGC in Guinea-Bissau. The Cape Verde transitional government, installed on January 1, comprises three Portuguese, including a High Commissioner, and three PAIGC representatives.

The PAIGC is expected to gain full control after the elections on June 30. Portugal, eager to rid itself of the financial burden imposed by the islands, aided the PAIGC in suppressing minor opposition elements in an apparent effort to facilitate an orderly transfer of power. Now that potential opposition leaders have been dealt with, no existing group can foster enough support to defeat the PAIGC. Moreover, the PAIGC has received recognition from Lisbon and will probably continue to be supported by the estimated 2,000 Portuguese troops still on the islands.

Foreign Relations

When it assumes power, the new government of the Cape Verdes will most likely proclaim a policy of nonalignment. The sizable economic aid that Portugal until recently provided to the islands can no longer be sustained at its previous level, and the PAIGC cannot ignore other potential Western aid donors. Members of the transitional government have already appealed for assistance to the UN and the Organization of African Unity, as well as to the US and various African states.

Moscow's strong backing of the PAIGC in its long struggle for independence will give the Soviets a distinct advantage over other powers in the scramble for influence over the PAIGC. A cultural, economic, scientific, and technical agreement signed in Moscow with the Guinea-Bissau government in mid-March could be extended to include the Cape Verdes, once the PAIGC is firmly established in power.

In exchange for Soviet economic and technical assistance, the PAIGC leadership might be willing to allow them refueling or landing rights similar to rights currently extended by the Republic of Guinea. There is no evidence, however, that PAIGC leaders are considering going back on their position that they will not allow foreign bases on their territory.

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