

~~SECRET~~
 MESSAGE HANDLING INDICATOR

DATE-TIME GROUP

CITE

MESSAGE REFERENCE NUMBER

CIA/WHSS **SENSITIVE**

SOURCE REF:

CIA/DCI/WHIZWH 741216

COR T I O N	1	4	7	10
	2	5	8	11
	3	6	9	12

TO: IMMEDIATE WHITE HOUSE//SITUATION ROOM FOR MR FAZIO.4
 WARNING NOTICE SENSITIVE INTELLIGENCE SOURCES AND METHODS
 INVOLVED

ITEM NO: WH-2

DATE: 16 DECEMBER 1974

SUBJECT: CAMBODIA--FRENCH-KHMER COMMUNIST RUBBER TRADE

REF :

[REDACTED]

25X1C

[REDACTED]

25X1C

DURING THE

PAST THREE YEARS, THE KHMER COMMUNISTS HAVE ALLOWED RAW RUBBER TO BE BOUGHT AND TRANSPORTED FROM PLANTATIONS LOCATED IN INSURGENT-HELD TERRITORY TO KOMPONG CHAM FOR DELIVERY TO PHNOM PENH FOR PROCESSING AND EXPORT BY THE FRENCH RUBBER COMPANIES. THIS ARRANGEMENT HAS PROVIDED REVENUES NOT ONLY TO THE COMMUNISTS AND THE FRENCH, BUT ALSO TO THE PHNOM PENH GOVERNMENT. RUBBER EXPORTS ACCOUNT FOR MORE THAN 60% OF THE GKR'S FOREIGN EXCHANGE EARNINGS.

PERHAPS PROMPTED BY HIGH WORLD RUBBER PRICES AND THEIR OWN TIGHT ECONOMIC POSITION, THE KHMER COMMUNISTS ANNOUNCED LAST

DATE:
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OUTGOING MESSAGE

COMINT

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SOURCE REF:

ROUTING	1	4	7	10
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	3	6	9	12

JULY 20 THAT ALL FOREIGN-OWNED {FRENCH} RUBBER PLANTATIONS LOCATED IN INSURGENT TERRITORY WOULD BE NATIONALIZED EFFECTIVE IMMEDIATELY. SUBSEQUENT NEGOTIATIONS WERE CARRIED OUT WITH THE FRENCH RUBBER COMPANIES HEADQUARTERED IN PHNOM PENH THAT BUY THE RUBBER. UNDER THE NEW ARRANGEMENTS, THE COMPANIES PURCHASE SPECIFIED AMOUNTS OF RAW RUBBER FROM THE COMMUNISTS IN EXCHANGE FOR STIPULATED COMMODITIES--GENERALLY FOOD AND FUEL--AND SMALL AMOUNTS OF CASH.

IT IS NOT KNOWN HOW MUCH RUBBER HAS BEEN DELIVERED TO PHNOM PENH SINCE NATIONALIZATION. EXPORTS WERE HALTED DURING AUGUST AND SEPTEMBER AND WILL ALMOST CERTAINLY BE BELOW THE 20,000 TONS SHIPPED OUT LAST YEAR. E-2 IMPDET.H

{SPECIAL DISTRIBUTION: EAP DIV AND NIO [REDACTED] 25X1A

DATE: 16 DEC 74
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