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WEEKLY SUMMARY

OFFICE OF CURRENT INTELLIGENCE

State Dept. review
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NAVY review
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CENTRAL INTELLIGENCE AGENCY

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Cuba

SOVIET AND CUBAN MILITARY ACTIVITY

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Observations of the Soviet armored camp at Santiago de las Vegas on 20 and 23 May indicate that it may have been evacuated by Soviet personnel and taken over by Cubans. [redacted]

[redacted] last saw Russians there on 28 April. However, there is no evidence that Soviet personnel from this camp either left Cuba or moved elsewhere.

On 26 May a US Navy patrol plane was fired on six miles off Cayo Frances, on Cuba's north coast, by a coastal defense battery and a Cuban frigate. The shots came no closer than one-half mile and may have been intended as a warning. In addi-

tion, during the past week two Cuban air patrols made identification passes over a US radar picket ship off the northern coast. Incidents of this kind reflect increased Cuban concern over coastal defenses and exile raids,

There have been no additional indications of Cuban involvement in the air defense system during the past week.

About 150 Soviets, including some 40 women, were observed on the deck of the Soviet passenger ship Maria Ulyanova when it left Havana on 25 May.

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The Communist World

SIGNIFICANCE OF SOVIET-CUBAN COMMUNIQUE

The Soviet-Cuban joint statement and speeches on 23 May reflected the great importance the Soviet leaders attached to Castro's visit as a symbol of Cuban support of Soviet views. As the time for Moscow's bilateral talks with the Chinese Communists approaches, Castro's endorsement of Soviet positions on a wide range of issues in dispute with Peiping marks a major achievement for Khrushchev.

Soviet-Cuban pronouncements were designed to demonstrate that the two governments have reached agreement on major policy questions and have succeeded in removing irritants produced by the missile crisis. The communiqué claimed that the talks resulted in "complete mutual understanding" and an "identity of views" on all questions discussed. In contrast to his earlier criticisms of Khrushchev's behavior, Castro praised the "timely and energetic" actions of the USSR, and the communiqué hailed the "straight and sober evaluation of the situation" by both Soviet and Cuban leaders which "prevented thermonuclear war."

Khrushchev's speech and the joint statement suggest that both governments intend to continue their present cautious line of easing tensions in the Caribbean and avoiding provocations to the US. The thrust of Khrushchev's remarks on Cuban internal affairs was that the Castro regime should concentrate on consolidation and economic development rather than

foreign revolutionary adventures. He ridiculed "imperialist" charges that Latin American revolutionary movements are directed by "some mythical hand of Moscow."

Although Khrushchev warned that US moves to aggravate the situation "might" create a crisis more dangerous than the October missile crisis, the reaffirmation in his speech and in the communiqué of the Soviet pledge to come to Cuba's assistance in the event of a US attack did not go beyond previous ambiguous statements. The avoidance of a binding and automatic Soviet military commitment again reflects Moscow's desire to retain some flexibility in dealing with any new crisis over Cuba.

This caution was also evident in the treatment of such sensitive issues as US overflights, the Guantanamo base, and Soviet military assistance. The communiqué simply renewed Soviet support of Castro's "Five Points" of last November which included US evacuation of Guantanamo and a cessation of violations of Cuba's airspace and territorial waters by "US military aircraft and warships." The statement cites past and present Soviet assistance in strengthening Cuba's "defense potential," but said nothing about future military aid. The pronouncements provided no indications of Soviet intentions regarding further withdrawals of military personnel or transfer of Soviet-controlled military equipment to the Cubans.

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The Communist World

Although the communiqué said agreement was reached on "measures for the further development of economic, trade, and scientific-cultural relations," it contained no new Soviet economic commitments. However, the USSR did agree to pay the Cubans the prevailing world market price for sugar--now about 12 cents a pound--rather than four cents as specified under earlier agreements, thus removing the major irritant in Soviet-Cuban economic relations at a nominal cost. Payment of a higher price will hold down the Cuban debt to the USSR and probably eliminate the need for massive Soviet balance-of-payments support this year.

On intrabloc affairs, the communiqué's reaffirmation of the 1957 and 1960 Moscow statements on Communist strategy and Khrushchev's militant remarks on supporting foreign parties and liberation movements were clearly designed to demonstrate the USSR's revolutionary fervor and ideological purity. Although Khrushchev stressed the supreme importance of Communist unity and pledged that the Soviet party would do its "utmost" in the talks with the Chinese to remove differences in the "interpreta-

tion of certain questions," the emptiness of this pledge was evident in his uncompromising re-statement of Soviet positions and his indirect attacks on those of the Chinese.

The Soviet-Cuban statement and the one signed by the Chinese and New Zealand Communist parties on 25 May show no disposition on either side to compromise on basic issues. While the Khrushchev-Castro communiqué stressed the advantages of "peaceful coexistence" in promoting Communist influence and the "struggle for socialism," the Chinese--New Zealand party statement condemned coexistence as a means of peaceful transition to socialism. The Chinese also used this occasion to single out "adventurism and capitulationism"--Peiping's characterization of Soviet actions in the Cuban crisis--as "extremely wrong and harmful."

In the weeks remaining before the bilateral talks begin on 5 July, each side will probably take advantage of similar occasions to issue statements designed to demonstrate backing for its views within the Communist movement.

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The Communist World

USSR AGAIN PURCHASING WESTERN INDUSTRIAL PLANTS

The USSR is again on a buying spree in the West, accompanied by increased exchanges of trade missions and publicity from both sides on East-West trade. Moscow's shopping list concentrates on fertilizer and other chemical and petrochemical plants and a wide variety of ships, but also includes textile equipment, machinery for processing ores, oil refinery equipment, and wood-processing machinery.

Current Soviet activity is more restricted in scope than the buying splurge of 1960-61, when the USSR placed orders for Western plants worth about a billion dollars. That equipment is being delivered, and orders now being placed cover shipments to be made during the next few years.

In recent months the USSR, in addition to its usual purchases of miscellaneous industrial items, has bought complete plants worth \$125 million and is continuing negotiations with industrialists in Western Europe and Japan. Unlike the orders in 1960-61, when Moscow appeared primarily interested in securing the advanced technology available in the West, current purchases and negotiations seem largely designed to increase production in fields where important shortages persist--particularly fertilizers and synthetics which have lagged behind

plans and are far short of requirements. A significant proportion of current orders will help expand agricultural output and ultimately provide additional consumer goods.

British and West German traders who visited Moscow in May have been enthusiastic about prospects. The USSR, however, is exploiting competition among West European suppliers to secure the most favorable trade terms.

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The chronic shortage of foreign exchange--although mitigated by sales of gold averaging \$200 million annually--still tends to limit Soviet imports. Moreover, the USSR already owes nonbloc suppliers about \$500 million for previous purchases.

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The Communist World

NEGOTIATIONS ON RUMANIAN-CEMA DIFFERENCES

High Soviet officials and East European leaders have been holding a series of bilateral conferences since the Executive Committee of the bloc's Council for Mutual Economic Assistance (CEMA) ended its session on 14 May. The meetings are apparently concerned with CEMA integration policies, including Rumania's opposition to certain of them.

Rumania's stubbornness was one reason for Hungarian party boss Kadar's hastily arranged talks with Poland's Gomulka from 16 to 18 May, Polish officials report. Polish trade officials frankly told US Embassy officers that Rumanian party First Secretary Gheorghiu-Dej is "acting like De Gaulle." Kadar is seeking informal ties with the Polish - Czechoslovak - East German economic group within CEMA because Rumanian-Hungarian economic collaboration "does not seem workable," according to a reliable embassy informant.

Kadar, when he returned home from Warsaw, convened the Hungarian central committee on 23 May to discuss a broad range of economic questions. The official statement issued at the end of the session specifically approved the CEMA integration plan, including those aspects the Rumanians have found objectionable. It also did preparatory work for Hungarian participation in the 18th CEMA session, a somewhat unusual practice that may indicate the seriousness with

which Budapest views Rumanian-CEMA differences.

Following an early May meeting between the Soviet ambassador and Gheorghiu-Dej, a high-level Soviet party delegation led by presidium member Nikolay Podgorny arrived in Bucharest on 24 May. It met with Gheorghiu-Dej and six other Rumanian officials, including the permanent representative to CEMA. A visit of this type could have afforded an opportunity to discuss Rumanian-Soviet differences over CEMA.

Coincidental with the arrival of this delegation was the highly unusual publication by Bucharest of criticism of the defective quality of some Czechoslovak equipment. Delay in deliveries is also a problem--one of sufficient concern to lead the Rumanians to discuss the matter with a group of Czechoslovak technical specialists.

Another Soviet party delegation, led by Central Committee Secretary Demichev, made an unexplained stopover in Bucharest on 26 May en route to Moscow after a two-week visit to Bulgaria. It probably was in Sofia to discuss party affairs, although Demichev could also have been coordinating Bulgarian support for Moscow's CEMA position.

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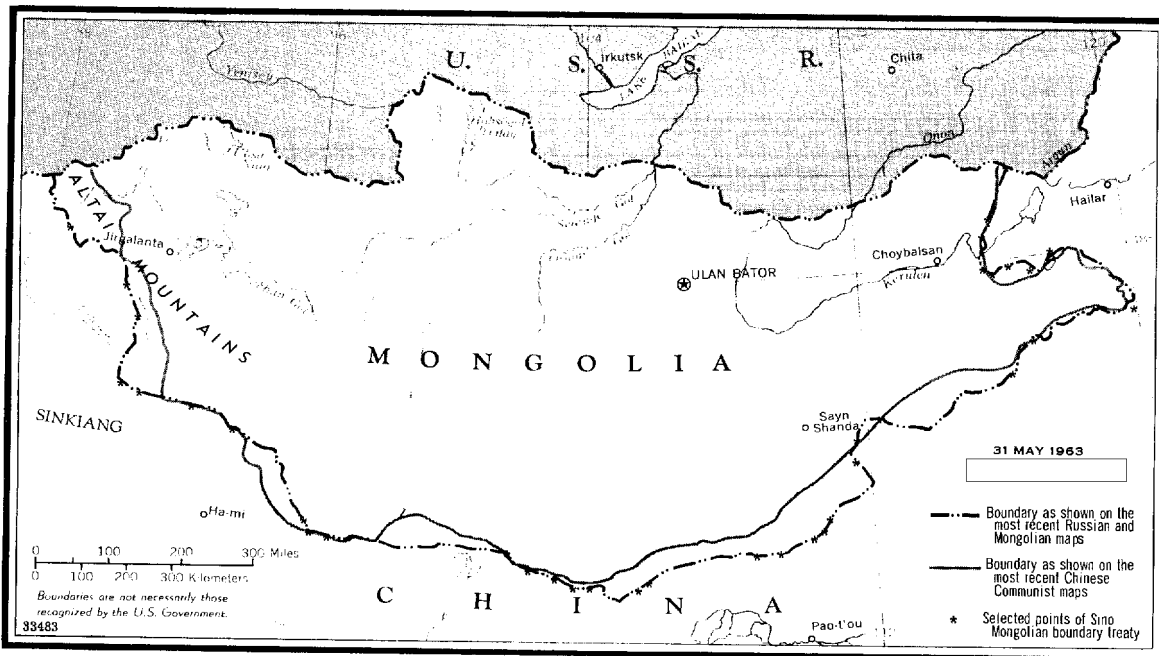
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The Communist World

SINO-MONGOLIAN BORDER COMMITTEE MEETS

CHINA-MONGOLIA BOUNDARY



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The Chinese Communists apparently are anxious to nail down details of the border treaty they signed with Outer Mongolia last December. New China News Agency announced on 20 May that the first meeting of the Sino-Mongolian Joint Boundary-Surveying Committee in Ulan Bator had ended in agreement.

Peiping's continuing eagerness to convey an image of reasonableness on boundary questions, coupled with the fact that the border area in this case is generally desolate and so far as is known contains no valuable mineral deposits, makes it likely that the committee will finish its task without any major disputes.

The several hundred boundary points mentioned in the treaty must still be definitively located on the ground by a survey, a project which will require considerable time to complete.

As described in the treaty, the border appears to confirm the boundary shown on standard Soviet and Mongolian maps. Most of the more unrealistic Chinese claims have been eliminated, particularly in the extreme western sector along the Altai Mountain range. Perhaps in compensation, the Chinese have been awarded additional territory in the eastern Sinkiang region which Peiping in recent years had assigned to Mongolia.

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Asia-Africa

DEADLOCK PERSISTS IN LAOS

On 29 May, Britain and the USSR, acting in their capacity as co-chairmen of the Geneva conference on Laos, issued an appeal for restoration of peaceful relations among the three Laotian factions. They acted after receiving a special report from the International Control Commission noting the deteriorating military situation and urging their intercession to arrange an effective cease-fire.

It is possible that these efforts could lead to resumption of talks between Premier Souvanna and Pathet Lao leader Souphannouvong, but a settlement of outstanding issues would appear unlikely without significant concessions on Souvanna's part.

A primary aim of the Communists is to force the with-

drawal of Lao Army and Meo troops who are backstopping Kong Le's neutralist forces in the Plaine des Jarres and other areas. In the absence of effective controls, removal of this support would leave Kong Le defenseless against the Communists.

While the Communists might prefer to achieve their ends through negotiation, they continue to improve their military posture for any resumption of fighting. In the Plaine des Jarres area, particularly, Pathet Lao and dissident neutralist forces appear in good position to move against Kong Le with little warning.

Despite urgent corrective efforts, on the other hand, Kong Le's forces still show serious deficiencies in logistical and command organization.

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Asia-Africa

HANOI'S AID TO LAOTIAN AND VIETNAMESE COMMUNISTS

North Vietnam is apparently improving its ability to assist Communist forces controlling south-central Laos, through which run the major infiltration routes to South Vietnam.

Hanoi may intend to resume, or possibly has already resumed, air supply flights to Tchepone, the major terminus of the Communist airlift to southern Laos last year. Evidence of increased truck activity near the Tchepone field was detected [redacted]

[redacted] a military installation in southwestern North Vietnam adjacent to Laos has been considerably expanded since it was detected in January 1961. It is not certain, however, how much of the expansion occurred during the past few months. The installation now consists of 39 barracks and additional support and storage buildings estimated to be capable of housing up to 900 men and 60,000 square feet of supplies. It is served by a road which runs toward Xom Bang in North Vietnam.

While this installation may be related to normal border security activities, it could serve as an infiltration way station. An extensive complex of trails used by infiltrators crosses the border in this vicinity. The construction of facilities in this region is also a natural development in Hanoi's efforts to help Communist forces maintain control of the adjacent area of Laos. Greater logistic support for these forces may be indicated by recent reports of increased truck traffic down the Communist-controlled fair-weather road linking routes 9 and 12 in Laos.

The over-all increase in North Vietnamese activity could indicate an intention by Hanoi to increase its capability to infiltrate guerrillas into South Vietnam. Hanoi may be concerned over the danger of Laotian right-wing or neutralist military pressure against the infiltration route area, and may also desire to protect it against possible harassment by South Vietnamese forces. In mid-April, the Pathet Lao claimed that a South Vietnamese force attacked Muong Nong, a major infiltration junction southeast of Tchepone in Laos. [redacted]

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Asia-Africa

BORDER ISSUE HAS LITTLE EFFECT ON INDIAN VOTING

By-elections in 12 Indian states during the past few weeks --the first since last fall's crisis on the Himalayan border --indicate that the opposition parties have in general been unable to use the government's military blunders to arouse Indian voters from their usual preoccupation with the caste, religion, and personality of the candidates.

Of 36 seats at stake, 15 changed hands, but with little net change in party strength. Twenty-nine of the contests were for seats in state assemblies, where Prime Minister Nehru's Congress Party showed a net gain of four. Communist candidates were few; the party gained a seat in Kerala, lost one in West Bengal, and supported winning Congress candidates in several other races.

National attention was focused mainly on the races for seven vacancies in Parliament. Here the conservative Swatantra Party retained one seat and gained another, the right-wing Hindu Jan Sangh lost one it had held, and the Congress suffered a net loss of only two.

Two of the Congress' parliamentary reverses, occurring in the state of Uttar Pradesh, have produced considerable soul-searching in the party. Both had been made prestige contests by the Congress leadership and both were won by nationally known, long-time critics of the government's general policies. No less than 20 state and national ministers were at one point engaged in stumping for the Congress in the two constituencies, only to have both races lost through clumsiness on the religious question and because of a failure to sustain the effort through the final moments of the campaign.

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Indian voters queuing to cast ballots in by-election
(19 May 1963).

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Asia-Africa

ARAB STATES

The roundup of anti-Baath elements announced by the Iraqi Government on 25 May has intensified the struggle between Nasir and the Baathists and made less likely an Egyptian reconciliation with Iraq--or Syria.

Approximately 85 army officers and civilian politicians were arrested. While elements of virtually every political grouping were included, the roundup seems to have been directed primarily at pro-Nasir groups.

Cairo news media have so far given factual coverage to the arrests but have played down their anti-Nasir aspect. On 27 May, however, Cairo's clandestine radio attacked the Baathist regime in Iraq for its

suppression of nationalist elements.

The Egyptians previously had been reluctant to attack both the Iraqi and the Syrian Baathists at the same time.

Cairo's attacks on the Syrian Baathists are continuing but are more and more concentrated on specific party leaders. A Cairo editorial by a confidant of Nasir, published late last week, suggested that if the Syrian party cleansed itself of its "old-guard" leadership, the UAR and the Syrian Baath could get along. Two days later, a Cairo clandestine radiobroadcast called on Syrians to kill Baath leaders Bitar and Aflaq.

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Asia-Africa

AFRICAN LEADERS' MEETING

In an atmosphere of general rapprochement, the African summit meeting in Addis Ababa between 22 and 26 May projected a framework for intra-African communication and cooperation. A charter creating an Organization of African Unity (OAU) incorporates in large measure the gradualist approach to continental solidarity and the operating principles favored by the moderate Monrovia grouping. For the most part, the conferees confined themselves to issues of immediate concern to Africans.

Heads of state or government endorsed the charter for 28 of the 33 independent African countries, and lesser representatives signed for two others. Morocco, which boycotted the meeting ostensibly because of Mauritania's presence, will probably soon follow suit. Togo was not seated, presumably in deference to Guinean President Touré's continuing opposition to the Grunitsky regime, but reportedly will be given an opportunity to adhere. South Africa, of course, was never invited.

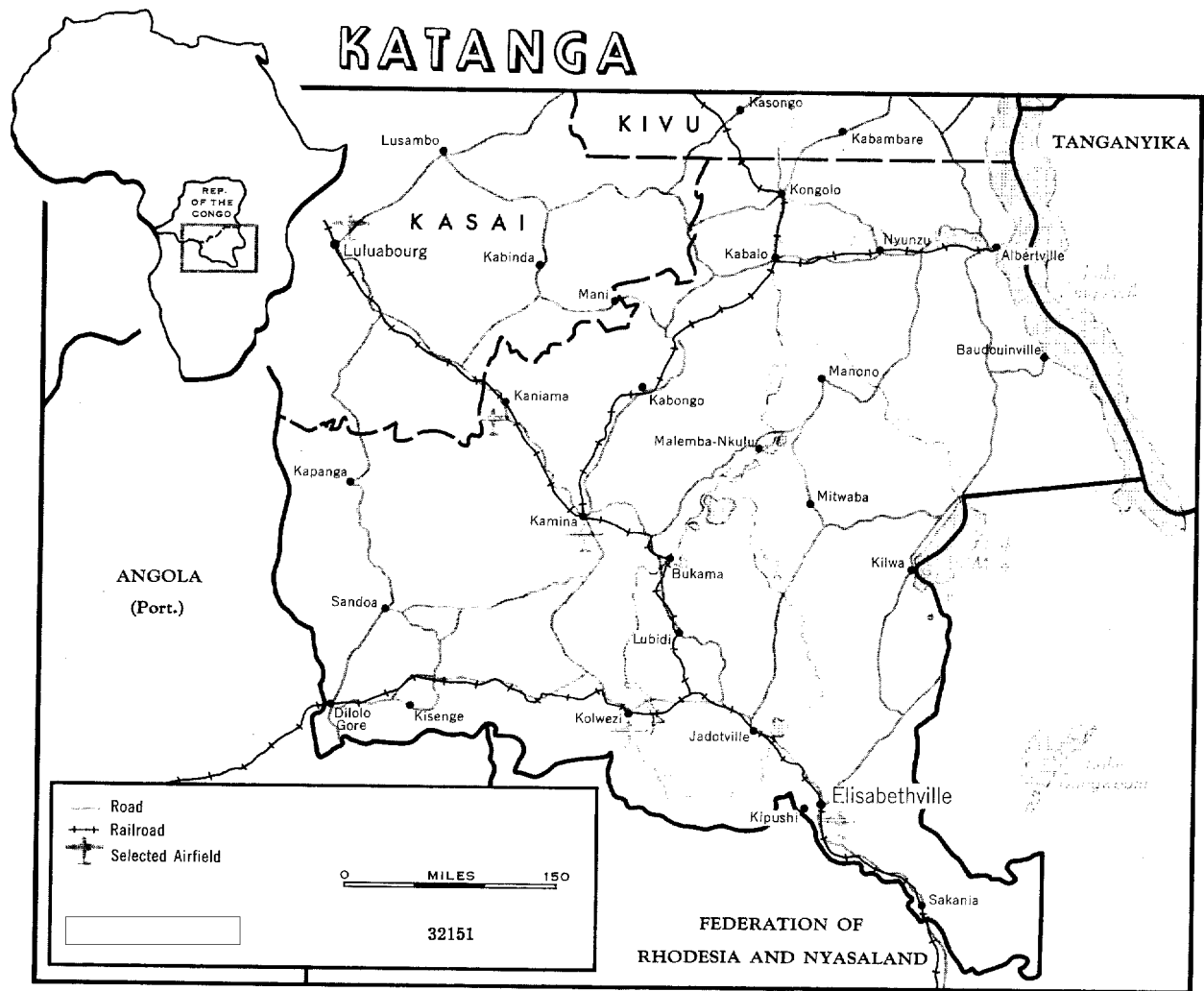
The charter, adopted in the face of a strong plea by Ghana's Nkrumah and his large retinue for immediate organic union, follows in its essentials a draft prepared in advance for the Ethiopian Government by Chile's representative to the Organization of American States. It provides for a summit-level assembly to meet annually, a ministerial council to meet at

least twice yearly, a permanent administrative secretariat, a conciliation commission, and five specialized functional commissions. These institutions presumably will supersede the rival "systems" developed by the militant Casablanca powers in 1961 and by the Monrovia states last year. However, basically regional groupings, such as the now well-established African and Malagasy Union of 13 French-speaking states, can be expected to continue and probably even to proliferate.

It will be some time before the OAU charter comes into force, and there is likely to be intense haggling over details of the new pan-African structure, including the designation of key personnel. It now appears that the secretariat will be located in Addis Ababa, with assembly and council meetings rotated among other capitals and the various commissions headquartered elsewhere. Touré has announced that a meeting of OAU foreign ministers is to be held in Dakar next month to chart the next steps.

With Touré, Nkrumah, Algeria's Ben Bella, and Uganda's Obote leading the way, the conferees also endorsed a strongly militant posture in support of "freedom fighters" in still-dependent territories and in South Africa. A nine-nation committee is to be set up in Dar-es-Salaam to coordinate

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Asia-Africa

assistance to nationalist movements--21 of which had observer-lobbyists, recognized by the conference, in attendance. Each independent state was asked to contribute to a special "liberation" fund by 15 July and to develop a corps of volunteers able to provide wide-ranging aid to the nationalists.

The practical effects of such decisions and of the com-

prehensive sanctions invoked specifically against South Africa and Portugal are likely to be limited, at least for the present, and there has been little reaction from these two governments. The Portuguese in particular still appear confident that little change in their present policies is required to parry thrusts likely to come from the Addis Ababa "liberators." [redacted]

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NEW TROUBLES IN THE CONGO

US and UN officials in the Congo are alarmed by UN Secretary General Thant's proposal to withdraw UN forces. They report that by the end of this year no more than two and a half Congolese Army battalions will have sufficient training to be reliable for maintaining order. These officials foresee disturbances between the civilian population and the army in Katanga, and possibly another mass flight of Belgians. Thant, preoccupied with the UN's financial problems, has planned to withdraw all UN troops by 31 December--and might do so even earlier.

In Katanga tensions still remain high, although European workers at the Union Miniere plants in Jadotville have returned to work following a strike over the killing of one of their colleagues by a Congolese soldier. A serious incident nearly took place in Elisabethville on 24 May when the central government representative there decided to use Congo Army troops to strip

Tshombé of his Katangan gendarmerie bodyguard. The troops were prevented from ransacking Tshombé's residence only by a threat from UN officers to use force against them.

Another source of serious disturbances is the Congolese Parliament's decision to create a new Lualaba province in western Katanga. Two large tribes--Tshombé's Lunda and their traditional enemies the Tshokwe--share this area. Tshombé has stated publicly that he opposes any division of Katanga. The struggle over division will be the more intense because the new province is supposed to include the Kolwezi area, where some two thirds of Katanga's minerals and three quarters of its electric power are produced, and where the Union Miniere has about a third of its processing facilities. [redacted]

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Asia-Africa

CYPRIOI COMMUNAL LEADERS' TALKS REMAIN STALLED

Opposing Greek and Turkish Cypriot attitudes on the simmering question of local administration of the island's major towns have further hardened. Talks on the subject appear to have been stalled at all levels. Greek Cypriot suspicions have been aroused further by a statement from Turkish Foreign Minister Erkin implying that the United States and Britain support the Turkish position.

Perhaps in response, Cypriot President Makarios has told US representatives that he is considering raising in the UN the question of revising the Cypriot constitution and the London-Zurich agreements which gave the island its independence.

Makarios is said to feel that he can rely on bloc and neutralist--but not Western--support for the Greek Cypriot position and to be willing to tolerate further growth of the Cyprus Communist Party to ensure such support. However, while local Communists have publicly backed Makarios' policies recently, he probably is aware

that his position would in fact receive very limited backing in the UN. He may have raised the issue at this time only to sound out the US. It is possible, however, that the subject may be raised with the Zurich "guarantor" powers--Britain, Greece, and Turkey.

The municipalities question meanwhile has been further complicated by the resignation of the "neutral" German president of Cyprus' Supreme Constitutional Court--which ruled against both parties on the issue last month --amid charges and countercharges alleging bribery and undue pressure on the court by both communities. Vice President Kuchuk, the Turkish Cypriot leader, has issued a highly emotional statement which Makarios has answered by questioning Kuchuk's veracity and good faith.

In such an atmosphere, serious talks between the two sides are not likely to be resumed in the near future.

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Europe

GATT MEETING STILL LEAVES US-EEC ISSUES UNSETTLED

The eleventh-hour compromise reached at the GATT ministerial meeting in Geneva last week averted a head-on collision between the US and the Common Market, but left the future of the US trade expansion program still uncertain. The hardest bargaining is still ahead.

The near breach stemmed principally from US-EEC differences over ground rules for reduction of tariffs on industrial items. In accordance with the Trade Expansion Act (TEA), the US proposed that the major industrial countries agree to cut virtually all such tariffs by an agreed across-the-board percentage--preferably 50 percent. The EEC, however, wanted to refer the negotiating formula to a working party, especially to consider certain high-bracket US rates--the so-called disparity problem.

The compromise provides that tariff negotiations will be based on a plan for substantial, equal, reductions except where there are "significant" disparities in tariff levels, in which case reductions will be based on "special rules of general and automatic application." The rules are to be worked out by a special committee, taking into consideration a statement of the conference chairman that "significant disparities" must be "meaningful in trade terms."

The agreed formula has been interpreted by US officials as eliminating further consideration of the French-backed plan for dealing with the disparity problem through a system of ideal tariff rates--a plan which would have re-

sulted in a smaller over-all tariff reduction than envisaged by the TEA. However, the formula also admits an exception to the across-the-board approach, the magnitude of which remains to be seen. In rejecting the French plan, the US has held that trade has continued to flow despite exceptionally high rates. The EEC may insist, however, on a very wide application of the "special rules" on grounds that trade would have been greater or could be expected to be greater if specific US rates were harmonized with those of the EEC.

The meeting also failed to make clear-cut decisions on a number of other issues. It failed to endorse an "action program" to improve the export opportunities of the less-developed countries, largely because of reservations from the EEC countries and associated African states wishing to retain their preferential relationship with the EEC.

Although the negotiators agreed that rules should be devised to further a significant expansion in agricultural trade, effective talks on many farm products will still depend on further elaboration of the EEC's common agricultural policy--including agreements on the community support price for grains. Rejection of strict production controls by the US wheat growers in last week's referendum will almost certainly encourage the protectionist trends, including high support prices, which are already pronounced among Common Market farming interests. 25X1

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Europe

GENERAL ELECTIONS IN ICELAND

In the campaigning for Iceland's general elections on 9 June, economic questions overshadow once-popular foreign policy and defense issues, including membership in NATO and the presence of US forces at the NATO airbase at Keflavik.

The Conservative and Social Democratic partners of Prime Minister Olafur Thors' cabinet have stressed the success of the government's economic stabilization program. This program, initiated in 1960 over the bitter opposition of the largely rural Progressive Party and the Communist-front Labor Alliance, was a sharp break with the policies of previous governments, which had fostered almost uninterrupted inflation during much of the postwar period. The new program has unquestionably been a major factor in stabilizing the economy and, combined with the good fish catches of recent years, has given Iceland a measure of solid prosperity.

Hampered both by their inability to capitalize on economic discontent and by their weakened grip on labor, the Communists as well as the Progressives have sought to exploit such varied problems as Iceland's future relationship with the Common Market and incidents involving violations by foreign trawlers of Iceland's fishing limits, which were extended to 12 miles

in 1958. However, the disclosure earlier this year of Soviet and other Communist espionage activities on the island have put the local Communist Party on the defensive.

In past elections, the issues of Iceland's membership in NATO and the stationing of American forces at Keflavik have had wide appeal, particularly among the more isolated, nationalistic, rural elements. During the tenure of the Thors government, however, relations between the Icelanders and US base personnel have improved to such a degree that, barring unforeseen incidents, the base is no longer expected to be a major point of friction in Iceland's relations with the US.

The election is not expected to change markedly the existing power relationships in the Althing, where the Conservatives and the Social Democrats jointly control 33 of the 60 seats. While prospects are good that the two governing parties will be able to retain their majority, Prime Minister Thors has indicated that he does not completely rule out the possibility of inviting the Progressives, with 17 seats, to join the coalition provided they modify their attitudes on basic economic and foreign policy questions.

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Western Hemisphere

THE HAITIAN SITUATION

Haitian dictator Duvalier's domestic opponents have been terrorized to the point where they regard further action against him as nearly hopeless without substantial outside support. Opposition ringleader Clement Barbot remains at large in the Port-au-Prince area, but his small group appears to be limiting its efforts to occasional minor bombing and shooting attacks of little military significance.

A campaign of arrests and investigations has followed the 22 May anniversary celebrations of Duvalier's 1961 "reinauguration" for another six-year term as president.

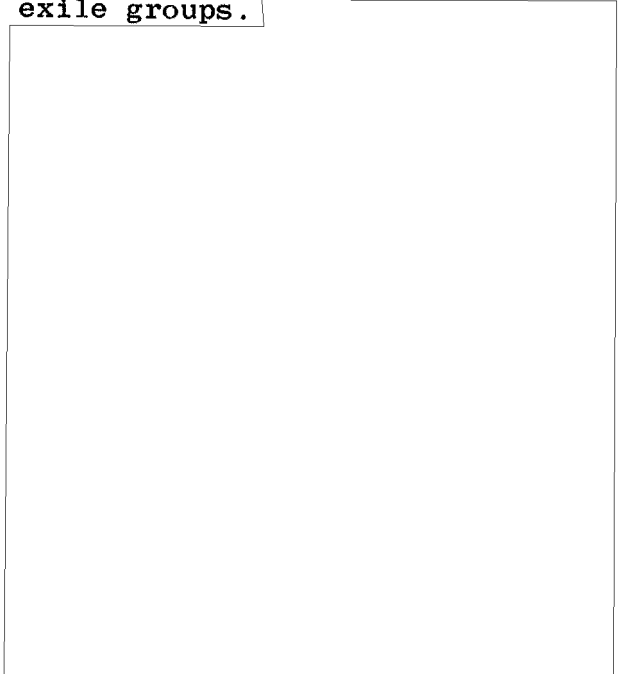
The government continues to regard domestic and international pressures against it as US inspired. It reportedly is preparing to accuse the US at the UN of meddling in Haiti's internal affairs. Haitian propaganda media feature complaints that the US is solely to blame for the country's troubles. Regime officials have been deliberately harassing US authorities--including a deliberate effort on 26 May to delay departure of the plane carrying the US ambassador to Washington.

Dominican-Haitian tensions have eased on the surface, but new trouble could flare up with little warning. [redacted]



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Trouble could also arise from the Dominican Government's continuing support of Haitian exile groups. [redacted]



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Western Hemisphere

ARGENTINE POLITICAL DEVELOPMENTS

Peronist labor leaders in Argentina are sponsoring a "Week of Protest" which began with demonstrations on 27 May. These activities are being exploited by the Communists and could lead to violence disrupting the government's plans to hold elections on schedule on 7 July. At the same time, however, moderate Peronist leaders continue preparations for the elections.

The theme of the protest is "to condemn the dictatorial regime which is ruining the country, to call for the liberation of prisoners, and to demand structural and economic-social changes for the people's welfare." The protest is to include surprise meetings, street demonstrations, and commercial boycotts, with a general strike planned for 31 May. The government is still trying to persuade the General Confederation of Labor (CGT) to cancel the strike.

The attitude of many CGT officials is less extreme than that of Andres Framini, top Peronist labor leader who has called on business and the middle classes to "join in a popular revolution or be destroyed." His views have caused moderate Peronists to fear increased Communist penetration of their splintered movement. Similar fears may have prompted the government's decision to outlaw the Communist party by decree on 25 May.

The Communists are not only supporting the CGT protest but

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Known Communist terrorists are being picked up as part of the government's special security measures. The government is concerned that revolutionary activity may grow out of the protest activity.

The Peronists' Popular Union (UP) was among the 24 parties filing lists of candidates in the capital on 24 May. A day earlier Raul Matera resigned as president of the Peronist party, protesting the official ban on UP candidates for president or governor and urging abstention from the elections. The UP and ex-President Frondizi's UCRI are still the major members of the seven-party National and Popular Front (FNP), formed to support a joint presidential candidate.

The announcement on 24 May that Peron and Frondizi had chosen Vicente Solano Lima, a Popular Conservative with little support, to be the FNP candidate, has renewed frictions in both their political groups. This candidacy remains open to further negotiation, however. In the presidential race, only electors, not candidates, had to be inscribed by 24 May; any person meeting the constitutional requirements for president may be selected by the electoral college.

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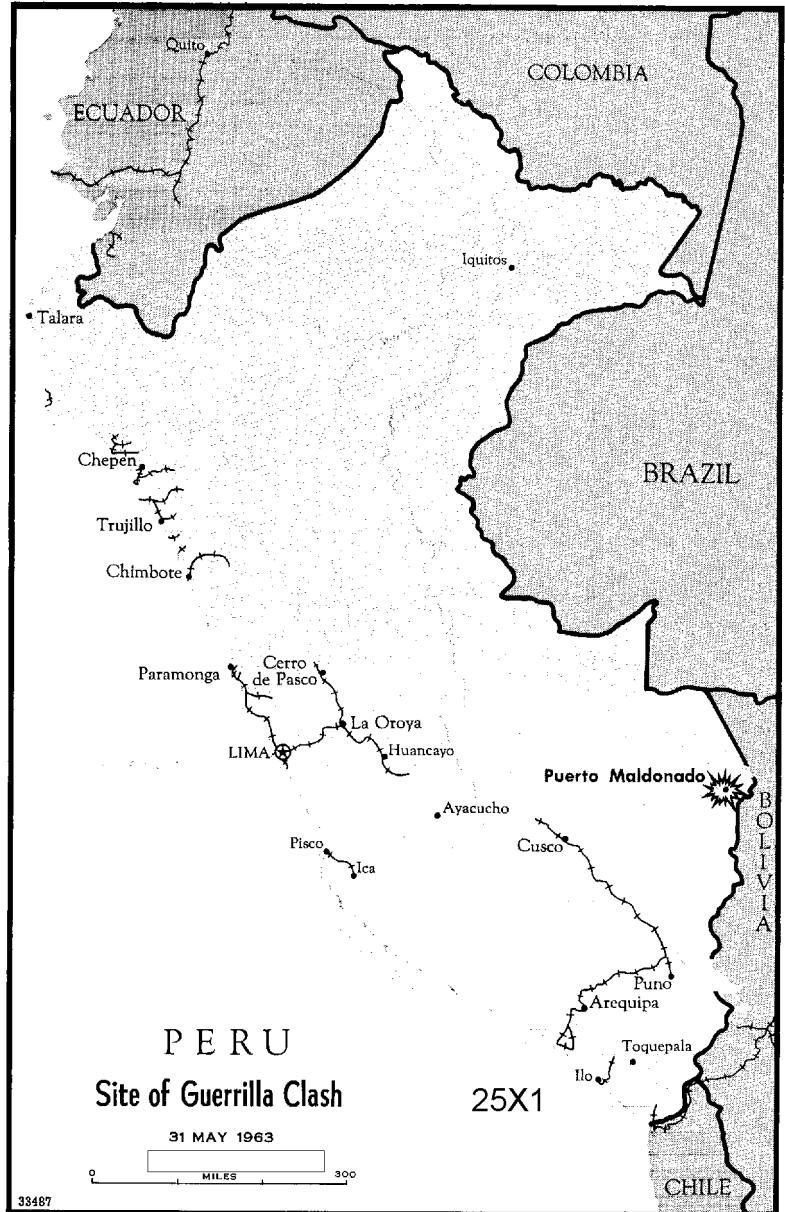
Western Hemisphere

PERUVIAN INSURGENTS THREATEN ELECTORAL PROCESS

Cuban-trained guerrilla forces of the Revolutionary Leftist Movement (MIR) appear to be implementing their plan to force cancellation of Peru's 9 June elections. Late in April a spokesman for the group claimed that MIR would create disturbances so serious that the governing military junta would be compelled to suspend constitutional guarantees and outlaw political rallies and campaigning. MIR intends to exploit the dissension that would follow the postponement of elections.

The Peruvian Government claims that more than 100 Peruvian youths have been trained in Cuba for guerrilla action and other subversive activities. These youths, according to an official communiqué, now are returning to Peru in small groups by way of Brazil and Bolivia. One such group was apprehended near Puerto Maldonado on 14 May. One policeman and one guerrilla were killed in the ensuing gun fight, and six guerrillas were captured. The rest of the group fled back toward Bolivia but were captured ten days later.

The military junta has repeated its early announcement that elections would be held on 9 June, and its desire to see them through has become a point of prestige. However, there is widespread sentiment among second-level military commanders that cancellation of the elections is preferable



to a victory by the leftist but non-Communist APRA and its founder-leader, Victor Raul Haya de la Torre.

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The Alliance

DEVELOPMENTS AT NATO MEETING IN OTTAWA

The 22-24 May NATO ministerial meeting in Ottawa, aside from the usual review of East-West relations, featured special consideration of defense matters, particularly the establishment of an inter-Allied nuclear force (IANF). Although the major differences respecting the force had been largely resolved in five months of preconference debate, France's efforts to minimize the significance of the IANF and the UK's attempts to stress its unique contribution were still evident at Ottawa. This is not expected to pose further problems, however.

Nevertheless, difficulties may still arise over London's position that its V-bombers in the IANF be available to Britain not only when supreme national interests are at stake but also "in conditions of lesser emergency" outside NATO. This stand could set a precedent for other force assignments to the IANF,

such as the two French air squadrons in West Germany.

Although frequently referred to by individual ministers, the proposed NATO multilateral nuclear force (MLF) was not formally discussed at Ottawa. At present West Germany is committed in principle to the MLF, Italy's political situation precludes a firm commitment from Rome at this time, and the UK is proceeding very cautiously (individual military and Labor Party officials continue to express negative views).

The Ottawa conferees were little disposed to undertake an increased defense effort. On the contrary, Britain stressed the "danger" of failing to detect any opportunity for an East-West detente. The meeting did, however, authorize further study of strategy and force requirements.

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