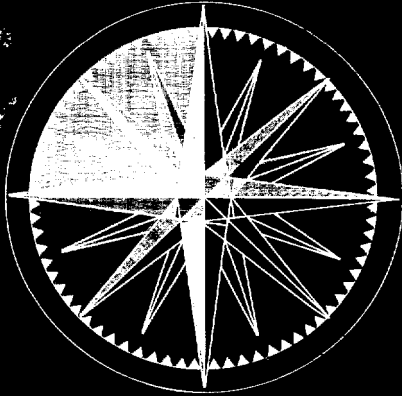


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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

State Dept. review
completed
DIA review
completed.

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(Information as of noon EDT, 13 May 1965)

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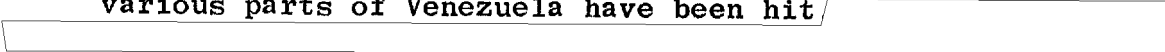
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AUSTRIAN PRESIDENTIAL ELECTION The election on 23 May promises to be close, with the odds slightly in favor of Socialist Franz Jonas over former chancellor Alfons Gorbach, the nominee of the conservative People's Party.	25
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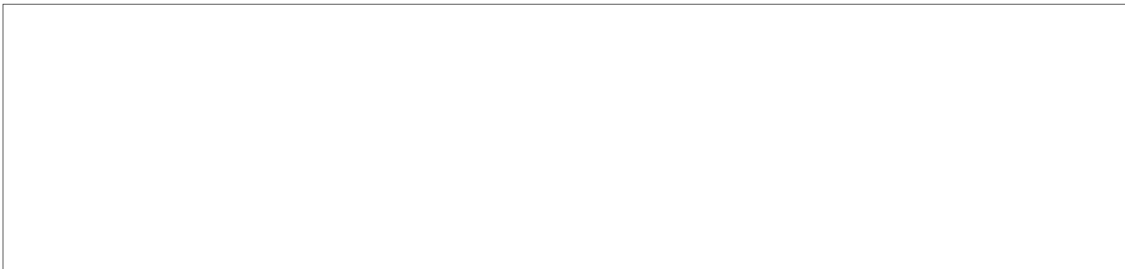
WESTERN HEMISPHERE

SITUATION IN THE DOMINICAN REPUBLIC The newly formed loyalist government under Antonio Imbert has been unable to seize the political initiative from the rebel regime of Francisco Caamano, and little progress has been made toward a compromise solution. The US forces that continue to maintain an uneasy ceasefire will eventually become part of an inter-American force under the control of the Organization of American States.	27
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WESTERN HEMISPHERE (continued)

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INCREASING DIFFICULTIES OF BOLIVIAN MILITARY GOVERNMENT 30
Junta chief Barrientos is still groping for solutions to Bolivia's acute political and economic problems. His own presidential ambitions have contributed to his government's insecurity.

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The search for a means to dislodge Robles has become virtually the sole preoccupation of a wide spectrum of political and subversive elements.



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Vietnam

VIETNAM

In the face of the almost around-the-clock pace of US and South Vietnamese air strikes against targets in North Vietnam, Hanoi is undertaking a substantial program to bolster its air defenses with bloc assistance. Jet fighter strength is being augmented and a second surface-to-air missile site is being built near Hanoi. The air strikes against the North continue to center on major roads and rail lines, but the airfield at Vinh was also attacked with good results.

The Second SAM Site

Analysis of high-altitude photography [redacted] reveals an SA-2 site in the early stages of construction 11 nautical miles southwest of Hanoi. [redacted]

[redacted] The identification and position of this second site indicate that construction of a ring of sites around Hanoi may now be under way. The first site was about 15 nautical miles south-southeast of Hanoi. At least two more sites--one northeast and one northwest--and a support area will probably also be built. Four sites and a support area comprise a normal Soviet SA-2 regiment.

Two launch emplacements at the new site are in an intermediate stage of construction, but work has not yet been started on the other launch positions, a

guidance revetment, or the site's road network. The pace of construction seems faster than that on the first site, [redacted]

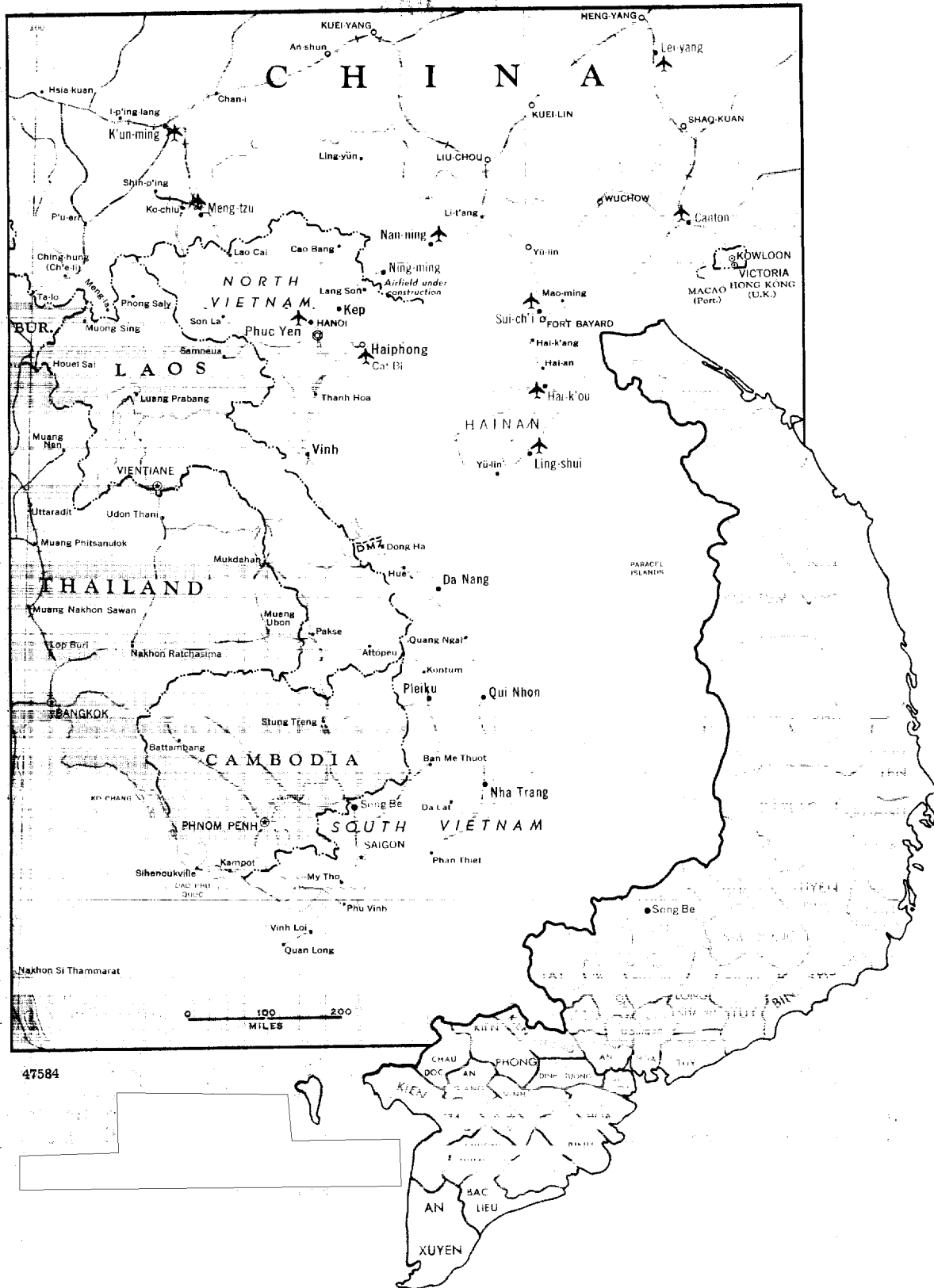
[redacted] but is still not complete. No missile equipment has been identified at either site thus far, but it could be included in Soviet arms shipments. 25X1

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Military Action in South Vietnam

As the North prepared to meet new attacks, the level of the Viet Cong's sabotage and harassing actions and the intensity of their military attacks rose sharply. In the major

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Vietnam

actions, a Viet Cong force of three battalions attacked Song Be, the capital of Phuoc Long Province, about 75 miles north of Saigon, in the first large-scale effort against a provincial capital in over three years. A government heliborne operation just north of Saigon was put to rout by Communist resistance. Other large-scale actions took place in southernmost An Xuyen Province and in Hau Nghia Province west of Saigon.

It is too early to tell if the present upward swing, which began in late April, will differ significantly from past seasonal offensive periods. Most of the current Viet Cong activity has been centered in the southern part of the country, but this may be a diversionary tactic prior to a major thrust in the northern provinces. There continue to be reports of large Viet Cong troop concentrations in these provinces, particularly in the Quang Tin - Quang Ngai border area and in northwest Kontum Province.

Unconnected with this concentration but indicative of the growth in Viet Cong strength over the years, a recent joint US - South Vietnamese reappraisal of order of battle holdings on Viet Cong main force units carries as confirmed some 47,000 combat regulars compared with the previous figure of 39,000. The new order of battle accepts nine Viet Cong regimental headquarters (up from five), and 61 regular battalions (up from 54),

including a confirmed North Vietnamese unit in Kontum Province. It also includes 17,600 Viet Cong support and line-of-communications troops, bringing total regular strength to 64,600. Although this figure reflects some recent growth through recruitment and infiltration, the upward revision results for the most part from firmer identification of units already in place.

Communist Political Developments

There are mounting indications of a marked improvement in Soviet - North Vietnamese relations and a corresponding increasing displeasure in Peiping as the influence of its main rival increases. Hanoi's celebration of the 20th anniversary of V-E Day, for example, was marked by unusually warm demonstrations of Vietnamese support for the USSR. Not only did the top three leaders send a special greeting to the Soviet leadership but they also attended a mass rally and a reception at the Soviet Embassy. At the ambassadorial reception the Soviet ambassador referred to the recent improvement in relations and declared that they were "consolidating and developing" from day to day.

Soviet party leader Brezhnev, in his 8 May address commemorating the V-E Day anniversary, pledged increased assistance to North Vietnam "if necessary." He also stressed that there was a "full unanimity

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Vietnam

of views" between the USSR and the DRV on ways and means of countering US intervention in Vietnam.

Privately, however, ranking Soviet officials told Western diplomats that Soviet aid was still limited in scope, warned of the dangers of escalation, and expressed concern about an alleged "serious turn" in US foreign policy. Party presidium member Shelepin, in a 7 May conversation with the US Army attaché, urged the US to find some way out of the impasse on the Vietnam situation. In subsequent talks with the British and Israeli ambassadors, however, Shelepin repeated the standard Soviet argument that negotiations are impossible as long as US air strikes continue.

Peiping publicly discussed the possibility of negotiations for the first time in months, but the context made it clear that this was an attempt to counter whatever influence Moscow might be exerting on the Vietnamese toward negotiations. In two authoritative statements related to the V-E Day anniversary celebrations--a People's Daily editorial on 9 May and a Red Flag article on 10 May--Peiping stated that negotiations with imperialists were sometimes necessary as long as the "basic interests of the people" were not violated. However, the statements emphasized that agreements of this nature were a temporary "tactic" and made it clear that discussions with the enemy were part of the standard

Chinese Communist tactic of "fight-talk-fight-talk." The main thrust of both statements was to warn of the dangers of a "Munich" in negotiations, and the Red Flag article went further than previous Chinese public statements in warning that Peiping would go on supporting the Vietnamese people whether or not the US bombed China.

People's Daily's "Observer" on 12 May also raised the issue of negotiations in a clear attack on the Soviet position. Referring to Secretary Rusk's speech of 3 May as a "trap," the article asserted that to agree to enter into negotiations on condition that the US stop bombing North Vietnam is tantamount to acknowledging that the US was justified in the bombings. "Observer" reiterated Peiping's standard position that unless US "aggression" is stopped and US troops withdrawn from Vietnam, restoration of peace in Vietnam "will be out of the question."

Further evidence of Peiping's mounting concern over Moscow's "revisionist" influence with Hanoi was reflected in four violent propaganda attacks on the Soviet leadership this week. In the most unusual one, People's Daily on 7 May carried a full-page account--complete with pictures and gory details--of an alleged Soviet suppression of a major anti-US demonstration involving Vietnamese students in Leningrad on 3 April. Neither Hanoi nor

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Vietnam

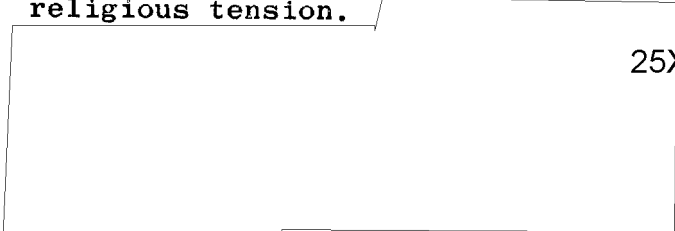
Moscow had mentioned such an incident, and the fact that Peiping waited a month before publicizing it suggests that if it did occur the Chinese delay may have been due to attempts by Peiping to prod Hanoi into some public response. Having failed in this, Peiping apparently decided to go ahead on its own in hopes of creating friction between Hanoi and Moscow, or within the North Vietnamese party.

Political Developments
in South Vietnam

Premier Quat has strengthened his hand by obtaining the self-dissolution of the Armed Forces Council, a potential rival authority, but the proffered resignations of military ministers from his cabinet, just as he was about to reshuffle several civilian ministries, confronted him with new problems. These difficulties may be resolved by his reported decision to downgrade the title and authority of Commander in Chief "Little" Minh and to retain Gen-

eral Thieu as defense minister with increased responsibilities.

Although retention of Catholics Minh and Thieu should mitigate Catholic alarm over a Buddhist-inspired purge, a recent Catholic resolution charging the government with bowing to thinly disguised Communist pressure reflects heightened religious tension.



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Concern that the return of former junta leader General "Big" Minh from "exile" in Bangkok might encourage further political intrigues apparently prompted Quat and his top generals to order air force planes to turn back a commercial aircraft bringing Minh to Saigon on 12 May.

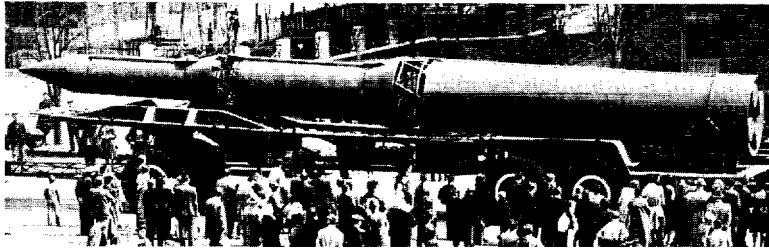


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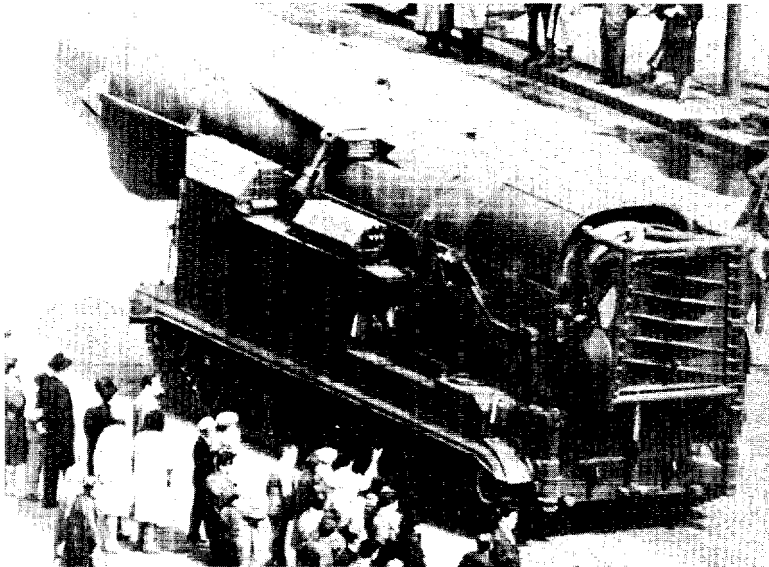
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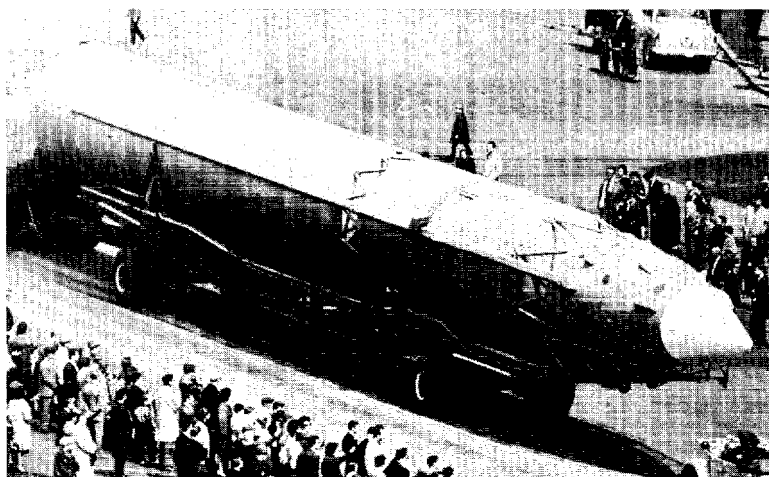
MISSILES PARADED IN MOSCOW ON 9 MAY



THREE-STAGE SOLID-PROPELLANT ICBM



SELF-PROPELLED SOLID-FUEL MISSILE



LIQUID-FUELED ICBM/SPACE BOOSTER

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The Communist World

SOVIETS DISPLAY NEW WEAPONS

Five weapons were displayed for the first time in Moscow on 9 May at the parade marking the 20th anniversary of the defeat of Germany. Included in the showing were two probable solid-propellant surface-to-surface missiles--one an ICBM--and a liquid-propellant vehicle described by the Soviets as an "orbital rocket" capable of attacking targets "from any direction."

In connection with the parade display of new and known weapons, the Soviets are giving wide distribution to a film showing many modern offensive and defensive weapons in operation. The parade and film appear to be part of a major effort to impress bloc and foreign audiences with the strength of the Soviet military arm.

The liquid-propellant missile is more than 100 feet long and appears to have three stages. This weapon has not yet been specifically equated to any known missile system.

The solid-propellant ICBM is about 60 feet long, has three stages, and is similar in size and appearance to the US Minuteman. Preliminary analysis of the reentry vehicle indicates it can carry a warhead of about 500 pounds. The Soviets claim that it can be launched from a silo.

Another weapon identified as a solid propellant missile was carried in a pod on a self-propelled launcher. In a private conversation, Marshal Krylov, chief of the Soviet Strategic Rocket Forces, claimed that the missile has a range of more than 2,000 miles, but considerably more analysis is required before Krylov's claim can be proved or disproved.

Also shown for the first time was an antitank missile about half the length of the earlier Snapper and Swatter antitank missiles. The missile, whose mode of guidance is unclear, is mounted as a cluster of six on the rear of an amphibious scout car.

The T-62 medium tank, adopted by the USSR in 1961, also was paraded for the first time. It carries a 115-millimeter smooth-bore cannon.

The Ganef, an air-breathing ramjet missile unveiled in May 1964, was placed behind antiaircraft guns this time, suggesting that it has a ground force air defense role. Last November, it was paraded in the surface-to-surface missile section.

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The Communist World

SOVIET LUNAR SOFT-LANDING ATTEMPT AN APPARENT FAILURE

The Soviet lunar probe, designated Lunik-5, has apparently failed in an attempt to soft land instruments on the moon.

The Soviets have announced that Lunik-5, launched on 9 May, "hit" the moon in the area of the Sea of Clouds at approximately 3:10 p.m. EDT, 12 May. This use of the word "hit" [redacted]

[redacted] strongly suggest that the probe was destroyed

on impact. Moreover, the Soviets stated that the "flight and approach" of Lunik-5 provided "a great deal of information...necessary for the further processing of a system for a soft landing on the moon's surface."

Despite this apparent Soviet attempt to conceal a failure to achieve a soft landing, Lunik-5 still represents at least a partial success in a program marked by failure. [redacted]

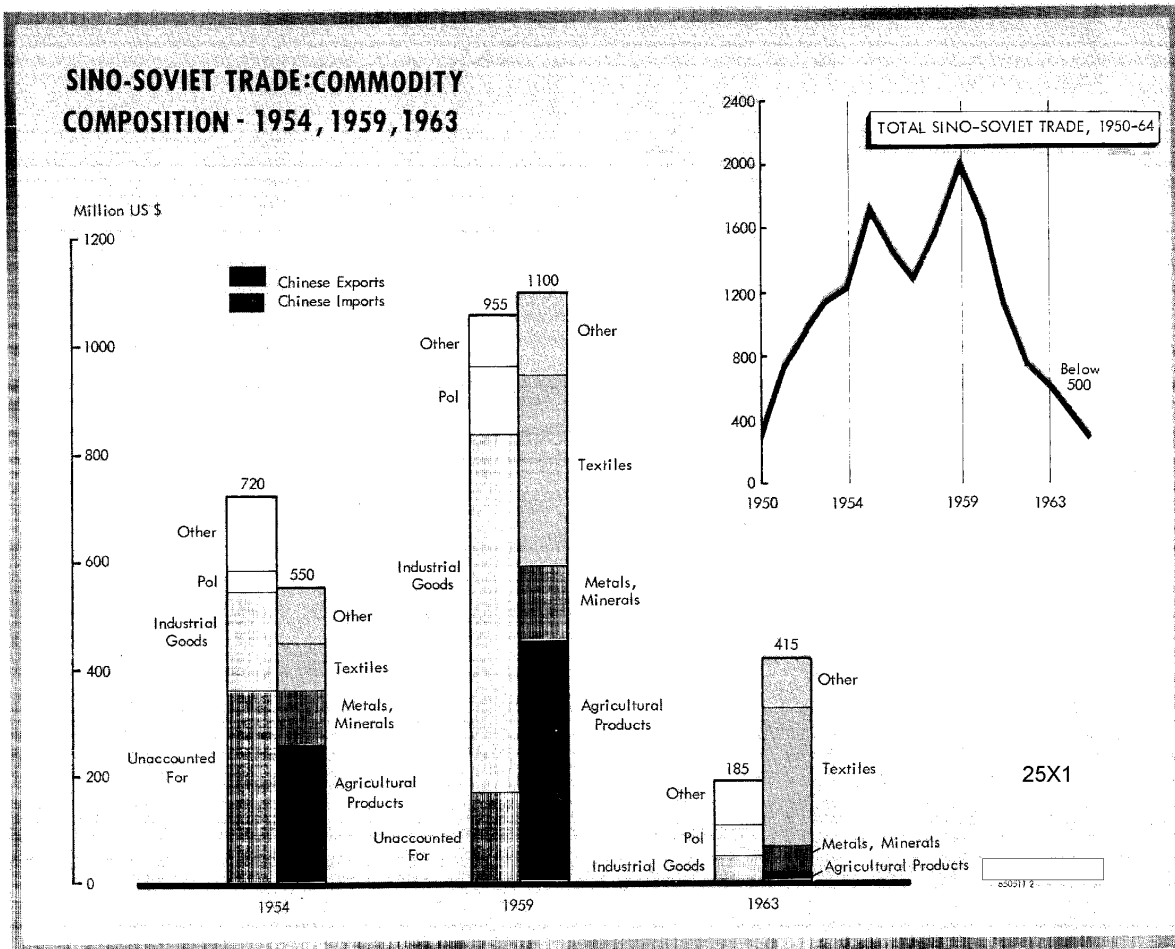
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The Communist World

SINO-SOVIET TRADE APPARENTLY STILL DECLINING

Reports on the recently signed Sino-Soviet trade pact for 1965 suggest a continuation of the decline in trade that began in 1960. [redacted]

[redacted] the TASS announcement of the pact did not mention further sales of petroleum products.

Under the 1965 pact, the USSR will again supply China with IL-18 transport aircraft, as well as with helicopters--probably the MI-6--motor vehicles, farm equipment, and various types of industrial hardware. In exchange, Peiping will continue to export traditional goods, mainly textiles, agricultural items, and minerals. The volume of its exports may be much smaller this year, however, since it no longer needs to maintain a large surplus in its trade with the Soviet Union to

repay its debts. Although TASS said both sides "showed a desire" for more trade and a "wish" to hold talks on further exchanges, meaningful negotiations are unlikely in the current political situation.

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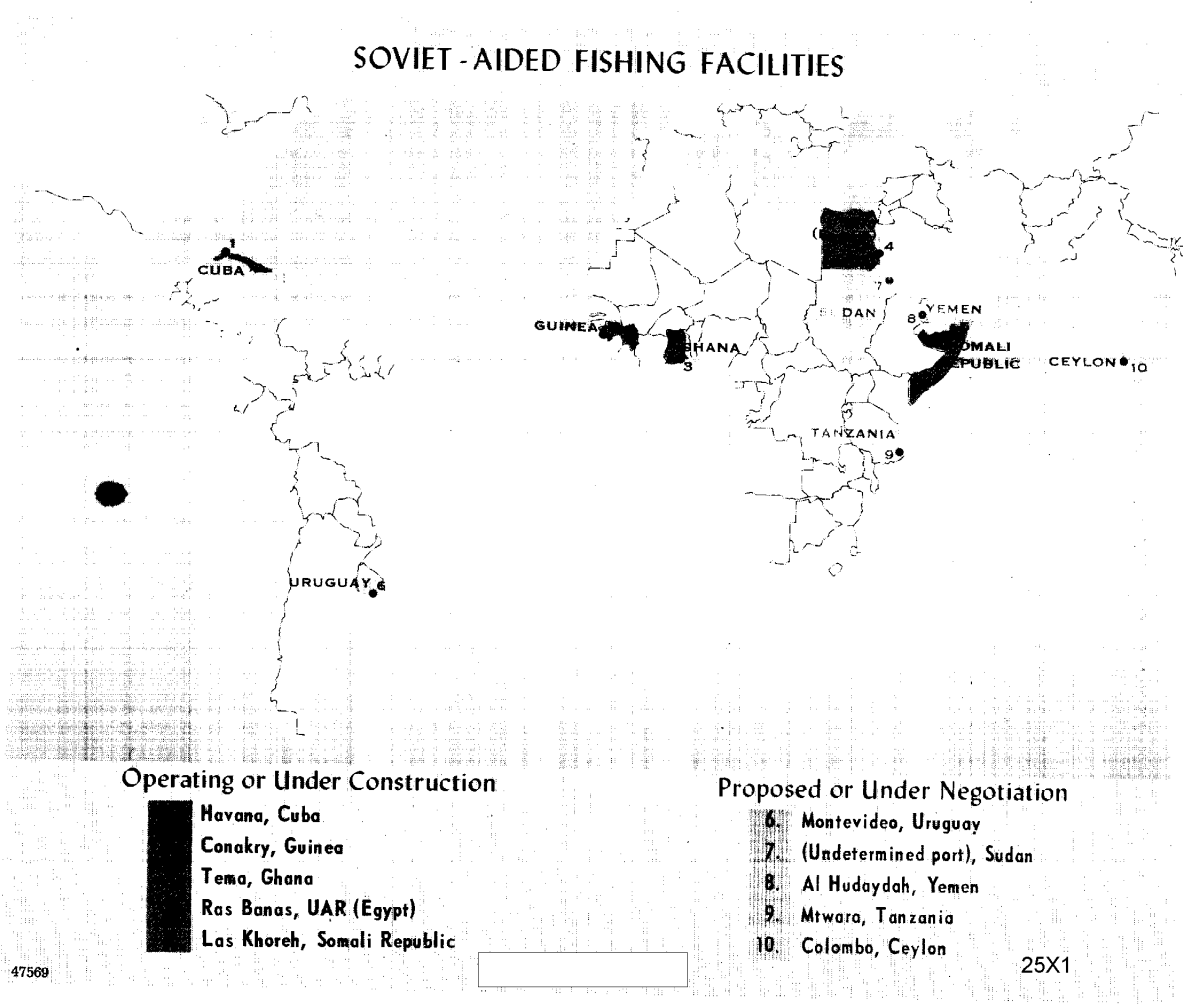
The volume of trade has dropped steadily, from a 1959 peak of \$2 billion which accounted for almost half of China's foreign trade, to less than \$500 million in 1964. Concomitantly, the Chinese have turned increasingly to the free world for goods previously purchased from the Soviets. Since mid-1963, Peiping has contracted for about \$100 million worth of free world industrial plants to be built over the next few years. Trade with non-Communist areas increased about 25 percent last year to about \$1.9 billion, accounting for over 60 percent of China's foreign trade. [redacted]

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The Communist World

SOVIET INTERNATIONAL FISHING OPERATIONS GROW

The Soviet fishing fleet-- already the world's largest--not only is expanding in traditional North Atlantic and North Pacific fishing grounds but during the past three years has moved into Caribbean and African waters and now seeks new fishing bases in the southwest Atlantic and the east Indian Ocean.

Moscow's fishing research vessels now operate widely in international waters and establish the basis for extension of Soviet fishing operations and agreements for land-based facilities. Research vessels currently are exploring waters off Ceylon and Uruguay. This has led to a detailed Soviet proposal for establishment of a Soviet-aided Ceylonese fishing industry, and feelers have been extended in Montevideo.

Fishing facilities ranging from canneries to fishing ports already are under construction in several underdeveloped countries. Although in most cases construction is designed to inaugurate or support indigenous fishing efforts, it also serves Soviet fishing operations. Frequently the fish for processing are supplied at first by the Soviet fleet. These arrangements already have assisted in Soviet exploitation of South Atlantic and Indian Ocean fishing grounds.

Although much emphasis is placed on investigating new areas, the traditional North Atlantic and Alaskan fishing grounds are not neglected. Since 1962, fleets operating there have increased considerably in size.

The North Atlantic and Pacific fleets are based in Soviet ports and include vessels for storing and preserving the catch. The vessels in the Caribbean operate out of Havana, while those in African waters use fishing facilities developed under Soviet aid programs and include a wide variety of specialized ships which process the catch.

The Soviet fishing fleet, already the most modern in the world, continues to be improved. Recent acquisitions range from \$1- 25X1 million trawlers to \$15-million fish-processing refrigerator mother ships.

Continuing purchases of ships for the fishing fleet, despite general cutbacks in purchases abroad of industrial equipment, clearly indicate Soviet intent to move ahead with international fishing operations. 25X1

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The Communist World

HUNGARIAN REGIME WOOS INTELLECTUALS

The widespread lack of enthusiasm for party programs in Hungary has moved the Kadar regime to seek support from those dissident writers and intellectuals dominating the literary scene whom it apparently sees as the key to reducing public indifference and pessimism.

Since early April, honors have been conferred on several writers who had been severely criticized in the past. On 4 April Hungary's top literary award was granted to Lajos Kassak, a socialist writer who joined the "conspiracy of silence," i.e., refused to publish, after the 1956 revolt and has been a symbol of Hungarian writers' resistance to regime controls. Since he began publishing again, his works have been attacked in the party press for having an "anti-humanist, pessimist" bias.

A lesser prize was awarded to Gabor Garai, a young modernist and disciple of Kassak, though not an outstanding critic of the regime.

The doughty Marxist philosopher Gyorgy Lukacs, who participated in the 1956 Nagy government and was briefly imprisoned, received public congratulations and testimonials in mid-April on his 80th birthday. These honors were permitted even

though he had recently repeated the outspoken criticism of the regime's interpretation of "socialist realism" for which the party press censured him last year.

The April issue of the party's theoretical journal contained new "ideological guidelines" which, although they still stress the perils of ideological laxity and the need for firmer party leadership, favor persuasion rather than "administrative measures"--i.e., intimidation--and authorize the publication of dissenting ideological views, even if they are "alien to the socialist order."

In a commentary published along with the guidelines, Hungary's chief ideologist, Istvan Szirmai, reviewed the regime's concern over popular indifference and admitted its continuing failure to gain the support of Hungarian youth. His remarks reflected the difficulties involved in providing an acceptable substitute for the appeals of Western civilization. Szirmai made it clear, however, that despite the ideological inroads of Western culture, Hungary intends to continue the development of political and cultural contacts with the West.

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The Communist World

TRIAL OF BULGARIAN PLOTTERS PENDING

Preparations for the trial of the recently apprehended plotters against the Bulgarian regime appear to be largely completed, although no date has been announced.

In a speech in Sofia on 8 May, party chief Todor Zhivkov made the first official admission to the Bulgarian public that an antiregime plot was uncovered early last month. His remarks appeared calculated to prepare the public for the line that will be taken at the trial and simultaneously to give notice that the regime is in full control of the situation.

Zhivkov emphatically denounced Western accounts of military involvement and specifically absolved the Bulgarian officer corps. Nevertheless, he conceded that there are "some servicemen" among the plotters, whom he characterized as "miserable adventurists," and "unprincipled lovers of power"

numbering "less than the fingers on two hands."

The three plotters named by the regime thus far include only one military man, General Tsvetko Anev, commandant of the Sofia garrison. [redacted]

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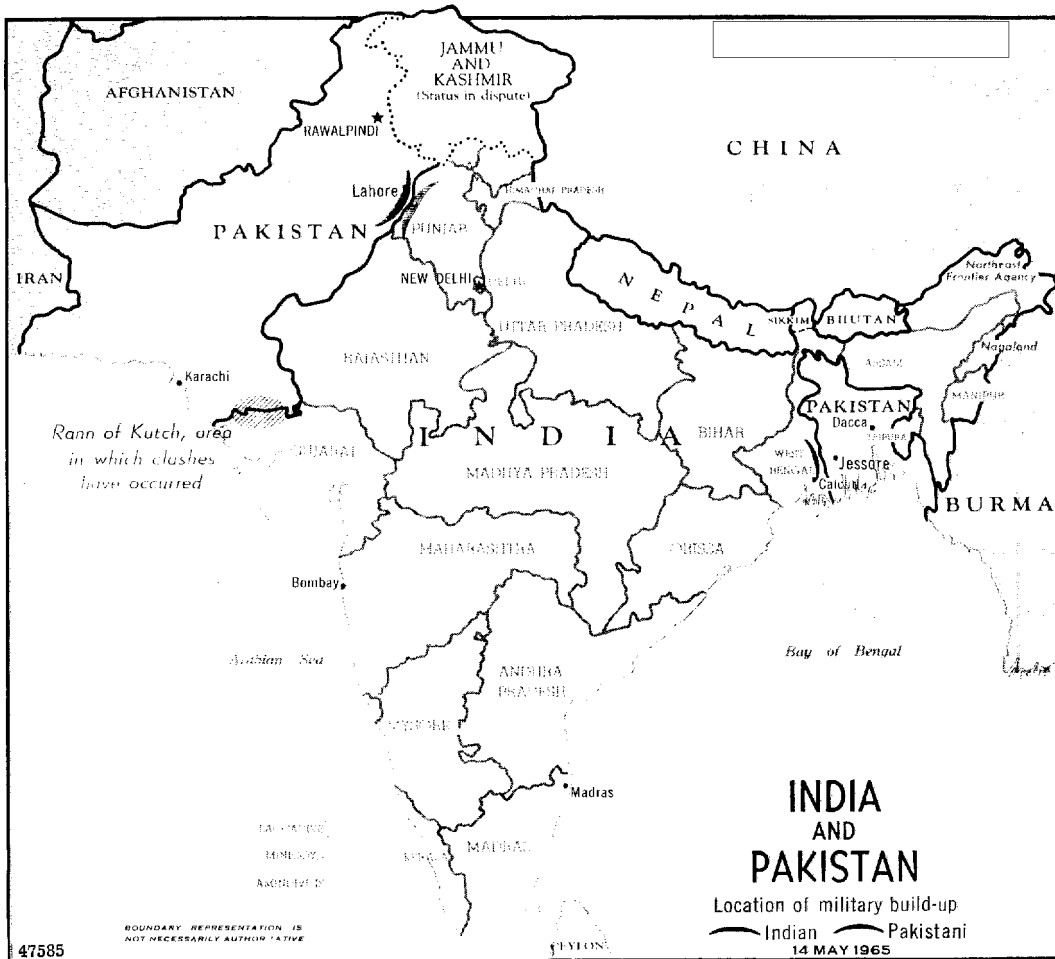
General Ivan Buchvarov and his deputy also are under arrest. Buchvarov, a central committee member, was removed from an important post in the party apparatus last December.

Zhivkov appears to have passed through this latest political strife without seriously jeopardizing his support from Moscow. He has indicated by his actions, moreover, that he will not make important policy changes as a result of the coup, although a shake-up of the security apparatus still seems likely. [redacted]

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Asia-Africa

CONFRONTATION BETWEEN INDIA AND PAKISTAN EASES

Tensions are easing in the disputed Rann of Kutch, and both India and Pakistan have avoided provoking incidents in other areas where troops are massed. The danger of large-scale clashes persists, however.

Following the Indian build-up of about 120,000 men opposite the Punjab region of West Pakistan, Pakistan completed a protective redeployment of about 70,000 men by last week end. Opposing forces are separated by only a few hundred yards in many places, and the situation there remains tense.

In the immediate area of the Rann of Kutch, however, there has been a substantial relaxation since the fighting ended on 26 April. Intensive British efforts to come up with a formal cease-fire agreement have continued. New Delhi has reportedly begun to withdraw some of its troops from Kutch, which reverts to marshland at this time of year.

Delhi's arrest of the Kashmiri Muslim leader Sheikh Abdullah upon his return from Mecca on 8 May has added a new threat to the peace of the subcontinent. Following the arrest, Muslim agitation in Indian Kashmir was quickly crushed to prevent its spread elsewhere in Pakistan or India. Communal passions are easily aroused, however, and rioting could break out at any time and inspire border clashes.

During the past week, the United States has come under heavy fire in the Indian Parliament as Indians have sought a scapegoat for reverses suffered in Kutch. Delhi now considers Pakistan's deployment of US-supplied tanks the key to Pakistan's recent successes. Rather than acknowledge US efforts to restrain both sides from using US-supplied military equipment, the Shastri regime seems to have played up to this parliamentary outcry.

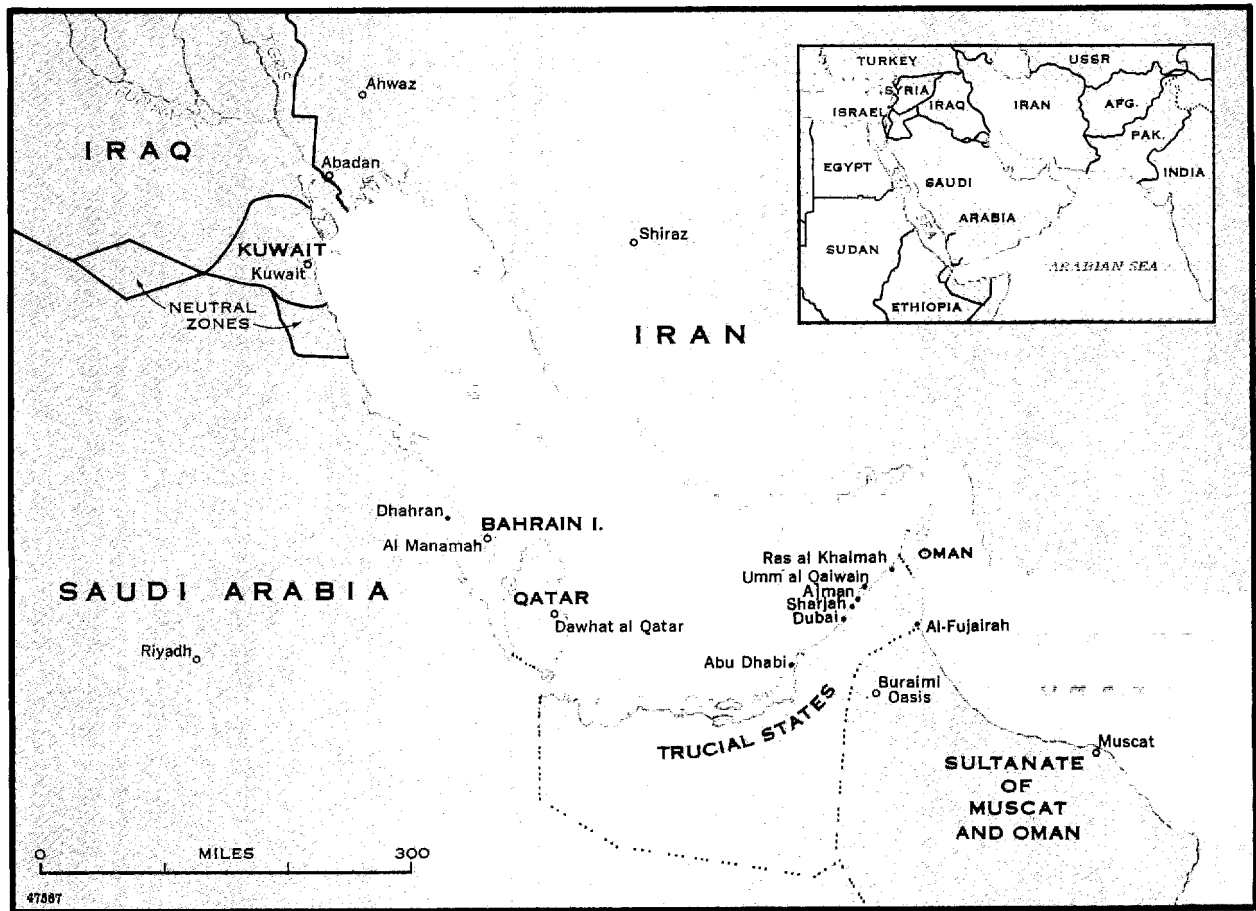
At the same time Shastri's visit to Moscow, which began on 12 May, has occasioned renewed enthusiasm for the USSR. Although any tendency by Western observers to equate India and Pakistan in the Kutch dispute has consistently evoked deep resentment in India, similar impartiality by Moscow seems to have been accepted with equanimity. On 8 May the USSR called for a settlement "by way of direct talks with due consideration for the interests of both sides." Rather than complain, Shastri, before enplaning for Moscow, thanked the USSR for "standing by India in times of trial."

This neutral position by the Soviets has presumably been carefully noted by Pakistani officials, who hope eventually to persuade the USSR to stop blocking UN Security Council action in the Kashmir dispute, as it has done for the last nine years at India's behest.

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PERSIAN GULF AREA



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Asia-Africa

NEW YEMENI GOVERNMENT STRENGTHENS HOLD

The new Yemeni Government has taken another modest step toward asserting its independence from Egypt by obtaining the approval and backing of a conference of major tribes and by decreeing a new interim constitution. Moves to overcome initial dissatisfaction with the new government by Saudi Arabia and the royalist tribes are already under way, as is a search for assistance in these efforts from other Arab countries.

The government of Premier Ahmad Numan, which contains a majority of cabinet members outspokenly opposed to Egyptian domination of Yemen, is walking a tightrope. It seeks to maintain enough of an anti-Egyptian posture to capture the support of the increasingly anti-Egyptian republican countryside while at the same time tempering its actions enough to avoid incurring Egyptian suspicion that Numan is too dangerous to use as a vehicle to the settlement of the Yemeni civil war.

So far, Numan seems to be succeeding. Last week's tribal conference at Khamir passed

resolutions which set the stage for a resumption of peace talks with the royalists, nodded politely to both Saudi Arabia and Egypt, mildly supported the liberation of southern Arabia, and sought assistance of all Arab countries for "cooperation in the maintenance of peace."

Egypt's massive propaganda apparatus has publicized the Khamir conference as a success for Numan.

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Asia-Africa

RHODESIAN GOVERNMENT WINS ELECTION SWEEP

Rhodesian Prime Minister Smith's overwhelming victory in last week's parliamentary election strengthens his hand to resume negotiations with London regarding independence and in the meantime to initiate constitutional amendments designed to consolidate white minority control. While Smith continues to voice the threat of a unilateral declaration of independence as a last resort, he apparently has been sobered by opposition from local business groups as well as by London's warning of stringent sanctions.

Smith's Rhodesia Front swept all of the 50 seats elected by the predominantly white "A" roll. It entered no candidates for the 15 seats representing the mostly African "B" roll. On the basis of incomplete returns, the opposition Rhodesia Party has definitely elected only two Africans on the "B" roll, with the remaining 13 seats probably going to African independents. None of the 15 African candidates who may be included in the parliamentary opposition is known to be connected with the African nationalists who boycotted the election.

Having gained the two-thirds parliamentary majority required to initiate amendments to the 1961 constitution, Smith probably will push through the revisions he discussed vaguely during the campaign. Several are designed to show a semblance of progress for the Africans. The standing of the tribal chiefs,

who receive government subsidies, would be bolstered so that they might supplant the nationalist politicians as leaders of Rhodesia's 4 million Africans. The "B roll" franchise, which now is limited by property and educational qualifications, may be extended to all taxpayers, including Africans in the tribal reserves, who probably would vote for their chiefs. However, the Africans, who outnumber the whites in Rhodesia almost 20 to 1, would still elect only a small minority of the legislators.

The projected amendments may constitute bargaining tactics in the face of London's opposition to independence unless eventual majority rule is assured. Although Smith's victory statement held out the prospect of obtaining independence by negotiation, in the background was a white paper purporting to prove Rhodesia's capability for weathering British sanctions if need be.

The implicit threat to declare independence unilaterally could be carried out if London rejects the constitutional amendments as a subterfuge designed to thwart, rather than promote, majority rule. If London accepts them on the other hand, Smith might cite such "progress" as providing an acceptable alternative to full independence, at least for the time being.

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Asia-Africa

SOVIET MILITARY AID TO BRAZZAVILLE CONGO

The USSR appears to be winning the "competition" among itself, Peiping, and radical African states to provide Congo (Brazzaville) with a military establishment to protect it from the incursions it fears from Leopoldville.

Arrangements to equip Brazzaville's 1,350-man army probably were worked out late last year. The first activity was noted in January when a small Soviet freighter, the Vyru, delivered two trucks, some communications equipment, a few heavy machine guns, and small arms and ammunition to Pointe Noire--Congo's seaport. In April, the Ristna delivered more trucks, nine armored cars, and 15-20 artillery pieces, and the Pyarnu brought in four trucks, 10-12 bulldozers, and four vans--possibly mobile repair shops.

The presence in Brazzaville of Soviet military technicians was confirmed in February. It appears that about 10-20 specialists have been active. Their number may be increased in the future to handle maintenance as well as training on an expanding variety of military materiel. Presumably their responsibilities

for some time will be largely limited to army and associated land equipment.

Some Congolese trainees now are in the USSR.

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Europe

EUROPEAN FREE TRADE ASSOCIATION TO HOLD "SUMMIT" MEETING

The first "summit" session of the European Free Trade Association (EFTA) since that seven-nation organization was formed in 1959 will be held in Vienna on 24 and 25 May. British Prime Minister Wilson is largely responsible for upgrading the meeting to prime-minister level, and he has promised to make proposals for "building bridges" linking EFTA with the EEC.

Most EFTA members recognize that they must strengthen their organization if it is to achieve its original purpose--a stronger negotiating position with respect to the EEC. In particular, they want to restrain unilateral UK initiatives toward the EEC, limit the effects of a possible Austrian "defection" to the EEC, and prevent any similar move by the Danes.

The conditions laid down by the EEC for Austria's association are incompatible with its continued participation in EFTA. In defending its case for EEC ties at the Vienna meeting, the Austrian Government may argue that the benefits it derives from EFTA are meager. By way of illustration, it might launch another attack on the UK's unilateral imposition of import surcharges last year.

Aside from what may happen in Vienna, sentiment for strengthening EFTA is likely to increase,

especially should the Kennedy Round prove ineffective in reducing barriers to trade. With prospects that the tariff negotiations in Geneva will be prolonged, speculation is already growing about exclusive EFTA-EEC tariff reductions and perhaps "deals" between the EEC and individual Scandinavian countries on specific items. Seen in this context, the strengthening of EFTA could work to the advantage of its members' bargaining position either within the Kennedy Round or as a "supplement" to it.

Development of EFTA seems headed, on the one hand, toward more effective consultative mechanisms--designed to prevent such actions as the UK's surcharge move--and, on the other, toward making EFTA more nearly the basis for an economic union similar to the EEC. EFTA industrialists, trade unionists, and government officials favored widening the scope of EFTA at a meeting in Helsinki last week and the Scandinavians are expected to adopt a similar position at a meeting of the Nordic Council in Oslo this week.

The EEC countries would react cautiously to any new overtures that may emerge from the Vienna meeting. There is a widespread desire within the EEC for narrowing the gap between the two blocs, illustrated by recent EEC Commission

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Europe

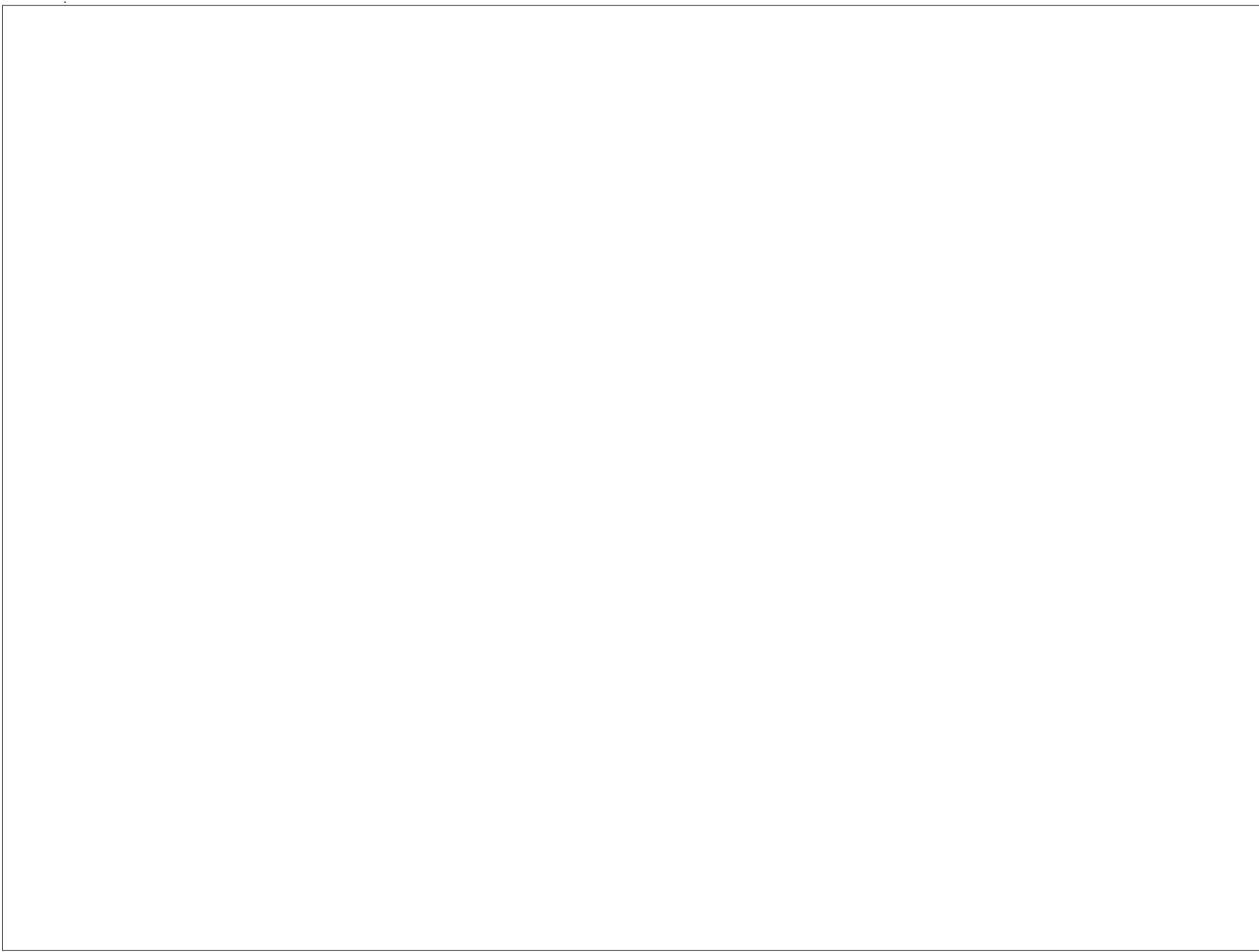
approaches to establish liaison with the EFTA secretariat on "technical" problems. However, this desire is matched by fear that closer ties with EFTA might mean a weakening of intra-EEC ties. This risk has been magnified by De Gaulle's diatribes

against the EEC institutions.



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Europe

BELGIAN PARLIAMENTARY ELECTIONS

The Social Christians and the Socialists who have ruled Belgium in coalition since 1961 may lose some electoral support in the elections on 23 May, but not enough to unseat their government. The Social Christians are likely to lose strength to Flemish nationalists and to the business-oriented Liberals, while the Socialists may drop some votes to French-speaking extremists in southern Belgium. Gains by the Liberals, normally to be expected in view of the Belgian tendency to vote against the parties in power, promise to be limited by the negative image created by the party's refusal to support legislation aimed at reducing friction

between Belgium's French- and Dutch-speaking groups.

A Social Christian is again likely to lead the postelection government, although not necessarily Prime Minister Lefevre who has had problems within the party. Paul Vanden Boeynants, the popular 46-year-old party president is among the leading candidates for the premiership. Henri Spaak, a Socialist and the architect of Belgian cooperation with the United States on Congo policy, will probably stay on as foreign minister. He has expressed a preference for the job, and virtually removed himself from consideration as prime minister. [REDACTED]

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AUSTRIAN PRESIDENTIAL ELECTION

Austria's presidential election on 23 May promises to be close, with the odds slightly in favor of Socialist Franz Jonas over former chancellor Alfons Gorbach, the nominee of the conservative People's Party. Socialists have won all three presidential contests since World War II, but the People's Party have always held the chancellorship, a more powerful post.

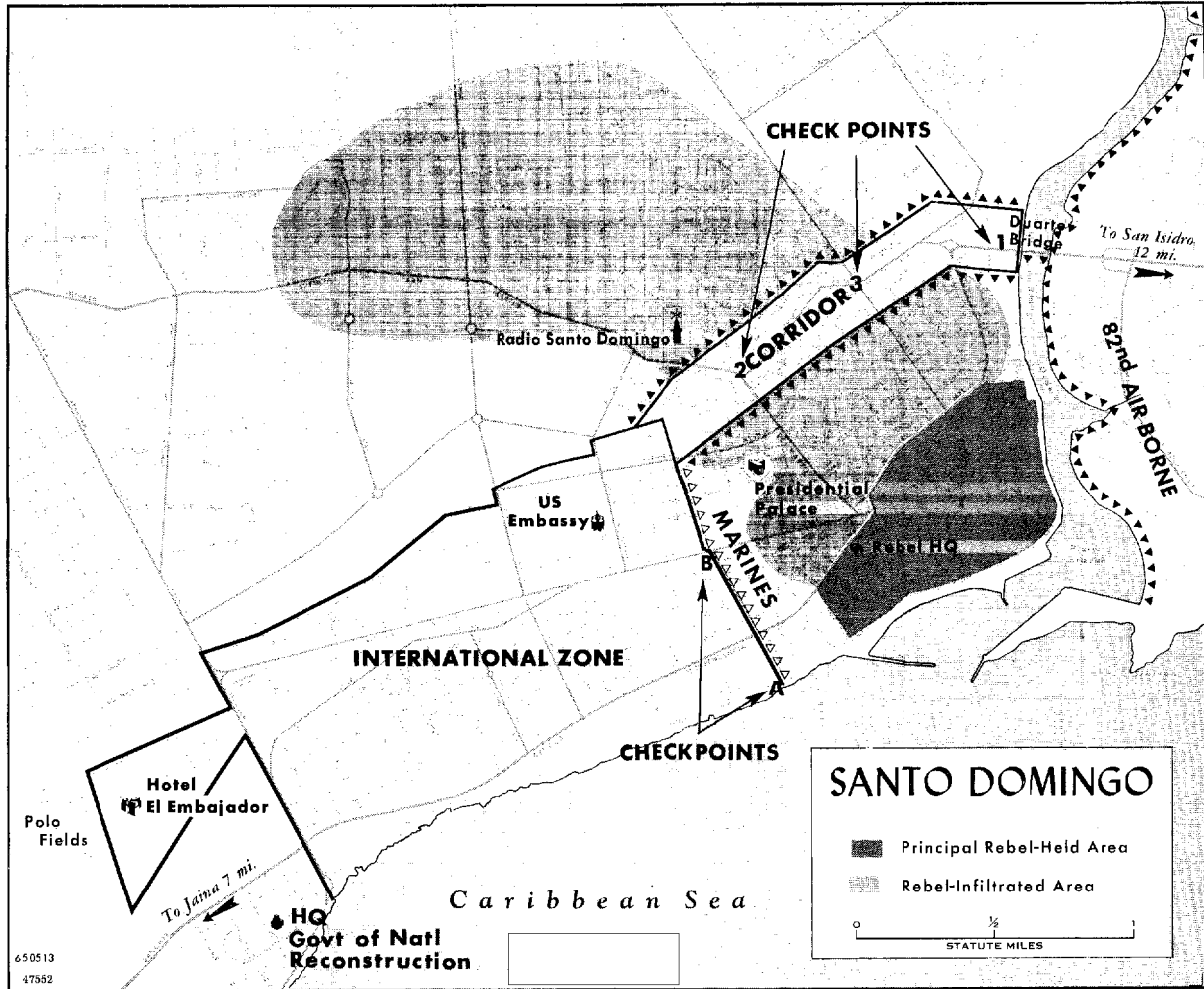
As mayor of Vienna, Jonas will have the advantage of support from a cohesive, well-disciplined party organization in Austria's largest election

district. He will also benefit from the view of most Austrians that good government will be best served if the two dominant political parties continue to divide the country's two highest elective offices.

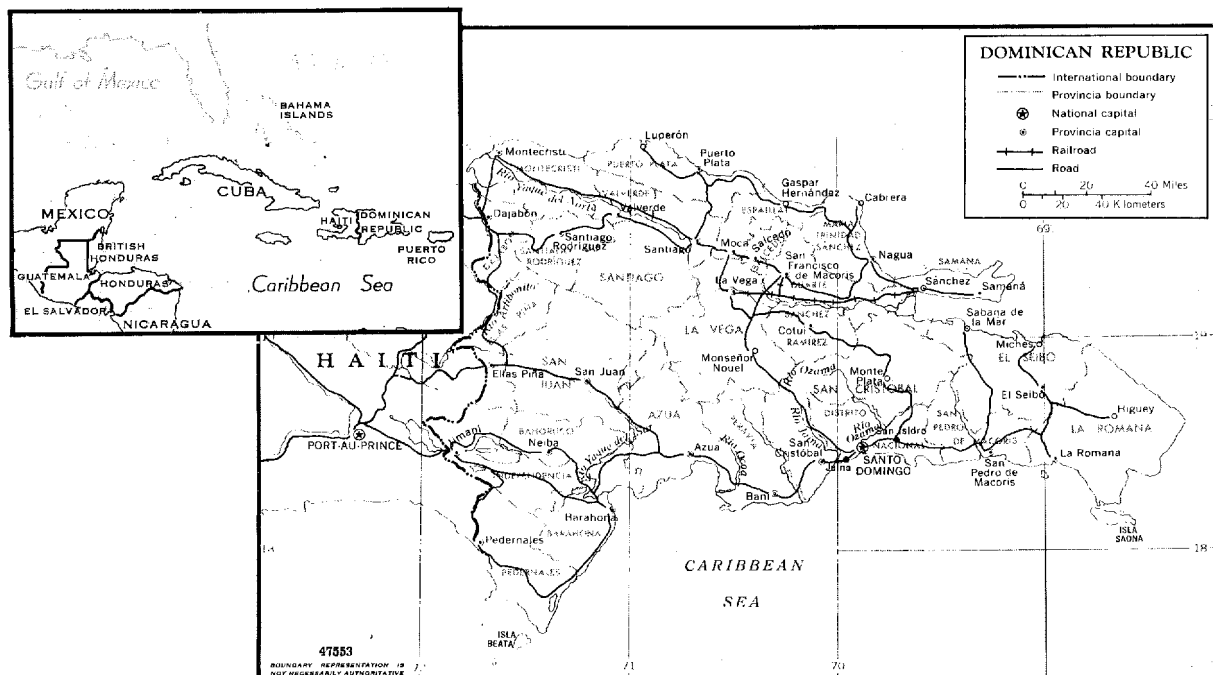
Gorbach will benefit from a personality which many Austrians see as well suited for what is an essentially nonpartisan office. He is also better known nationally by virtue of his tenure as chancellor from 1961 to 1964. [REDACTED]

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Western Hemisphere

SITUATION IN THE DOMINICAN REPUBLIC

The newly formed loyalist government in the Dominican Republic, headed by Antonio Imbert, has been unable to seize the political initiative from the rebel regime of Francisco Caamano, and little progress has been made toward a compromise solution. The US forces there will eventually become part of an inter-American force under the control of the Organization of American States (OAS).

The US and OAS Presence

Some 22,700 US troops, supplemented by 38 naval combat and supply ships, are maintaining an uneasy truce supervised by a five-nation OAS Peace Commission. Except for intermittent sniper fire, little military action involving US forces has recently occurred. US casualties now total 15 dead and 85 wounded. On 12 May US marines extended the international zone in Santo Domingo several blocks eastward to protect foreign embassies.

In an unprecedented move on 10 May, the OAS gave the Peace Commission authority for establishing an Inter-American Armed Force in the Dominican Republic which will be controlled by a vaguely defined "OAS unified command." Brazil and several Central American countries, after delaying over technicalities, are acting to provide contingents. In Argentina and Colombia, military officers are pushing reluctant governments to participate in the force. Chile, Uruguay, Mexico, Ecuador, and Peru do not favor an OAS role in the Dominican Republic

and probably will not supply troops.

The Peace Commission and OAS Secretary General Jose Mora, aided by the papal nuncio, have attempted to bring the two Dominican factions together, perhaps to form a coalition government, but have met with intransigence from the Caamano group. The proposal to send several Latin American "wise men" of international renown--Jose Figueres, Alberto Lleras Camargo, Romulo Betancourt, and Luis Munoz Marin --to seek a political solution appears to have failed to obtain support.

The Imbert Government

The five-man Government of National Reconstruction (GNR) headed by Imbert was formed after much delay on 7 May. In its original conception the GNR was to be broadly based, but many Dominicans evidently are identifying it with the established political order, and it has thus far not generated popular enthusiasm. Only one of its five members has been associated with the moderate left, and it lacks a representative of former president Joaquin Balaguer, who is still a formidable political power. The GNR has appointed many established military figures and members of the government of deposed president Reid to important posts.

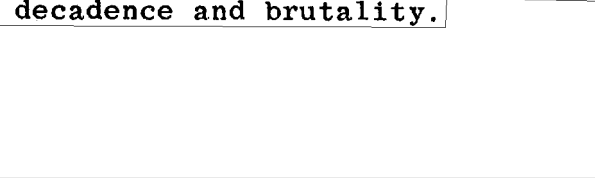
In an attempt to gain public support Imbert ousted eight previously discredited military officers. Despite indications soon thereafter that loyalist

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General Elias Wessin would voluntarily retire, he subsequently reneged and remains in his old position as commander of the armed forces training center. His continued association with the Imbert government can be expected to cut into any popular support the regime might acquire, since Wessin has become to many of his countrymen a symbol of decadence and brutality.



It was hoped that Imbert would make a rapid start toward restoring normal governmental and economic activity, but only moderate success has been attained thus far. Secondary governmental officials have either sided with the rebels or refused to commit themselves to a government which they view as having an uncertain future. Rebel control of important financial and communications installations has hindered economic activity. In the face of this failure, Imbert is described as becoming frustrated and considering military action against the rebels.

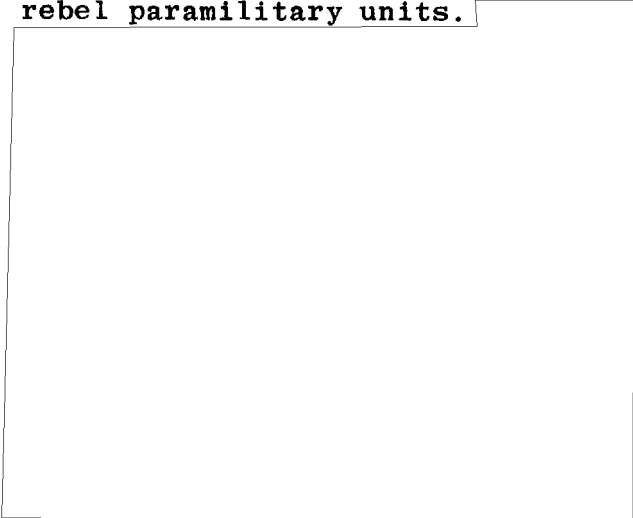
The Rebels

The Caamano "government" continues to stress its claims of legitimacy and constitutionality but has failed to extend its control outside of Santo Domingo. The rebels have, however, consolidated their hold on the northern sections of the capital, engaging in several fire fights with loyalists while doing so. The rebels have attempted to present a facade of

effective government by setting up ministries, but their ministers have been able to perform only limited functions.

Perhaps the chief strength of the rebels has been their ability to utilize propaganda media adroitly. The rebel-controlled "Radio Santo Domingo (Constitutionalist)" has broadcast a stream of increasingly bitter anti-US invective, attacking Ambassador Bennett and accusing US troops of "criminal acts." The rebels have also become more active in the publications field, putting out a weekly magazine and a newspaper.

Caamano appears to lack an aptitude for political affairs, and appears to be relying more heavily on advisers, particularly opportunistic "Minister of the Presidency" Hector Aristy. Communists and extremists are near the top of the rebel regime, although they do not hold any of the cabinet posts. They are particularly active in the propaganda field and as leaders of rebel paramilitary units.



The GNR's control of areas outside

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the capital appears to be based on an uncertain military and police loyalty rather than genuine public acceptance. Continued unsettled economic conditions that have led to unemployment and rising food prices might cause disturbances and prorebel gains in the interior.

Rebel attempts to gain international support by projecting a moderate image have not succeeded. No country has recognized Caamano. According to press reports, President de Gaulle has underlined France's objections to US policy by instructing his ambassador to maintain contact with Caamano.

The Caamano "regime" reportedly has not asked the Communist countries to recognize it. Mao Tse-tung, however, has declared the "firm support" of the Chinese people, the Soviet Union has given support in the UN Security Council, and Cuba has given Caamano heavy and favorable news coverage. The rebel leadership may feel that formal recognition from Communist states would be a liability now. 25X1

VENEZUELAN TERRORISTS ATTACKING US INSTALLATIONS

The Venezuelan Communist Party (PCV) and its leftist extremist allies have used US actions in the Dominican Republic as an excuse to undertake terrorist attacks on US installations. Targets in Caracas have included the embassy, the US-Venezuelan Binational Center, and the Inter-American Geodetic Survey. The home of the US consul and the Binational Center in Maracaibo have also been machine-gunned. In addition, there have been at least 12 other attacks on property owned by US firms.

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INCREASING DIFFICULTIES OF BOLIVIAN MILITARY GOVERNMENT

The difficulties of General Rene Barrientos' military government are intensifying as time passes and no solutions are found for Bolivia's acute political and economic problems. Moreover, Barrientos' uncertain leadership gives no assurance that prospects for stability will soon improve.

Barrientos' ambition to rule as a popularly elected president has been an important factor behind his government's insecurity. Although well liked by most Bolivians, he has been unable to secure much support for his candidacy from the political parties. Moreover, he is unwilling to give up the junta presidency despite legalities requiring candidates to resign from public office 180 days before elections. As a result of this impasse, Barrientos withdrew his candidacy on 30 April but then moved last week to postpone indefinitely the presidential elections scheduled for 31 October. Barrientos probably engineered the postponement to gain time to consider another strategy by which he might become a constitutional president. This latest move has brought him under renewed criticism from most political parties, but his general popularity seems unaffected.

Bolivia's economic problems are closely tied to the political situation. When the junta first took power last November, it characterized itself as an interim government and promised

sweeping economic reforms as well as a quick return to constitutional government. However, it soon discovered that it lacked the competence to cope effectively with complex economic problems.

The most pressing of these, inherited from the Paz regime, is the ugly situation prevailing in Bolivia's vital tin-mining industry. The tin-mining areas are centers of extreme leftist and Communist influence which have not been controlled by any government since 1952. Moreover, COMIBOL, the state mining corporation, is burdened with managerial irresponsibility as well as unruly labor, and is close to bankruptcy.

International deficit financing has been obtained, but further assistance is predicated on a wide-ranging reform of present mine labor practices which inordinately favor the miners at the expense of efficient production. All attempted reforms have been strongly resisted by the miners acting under their extremist leadership.

Barrientos is aware that the miners can be brought under control only by military action. He has indicated that his government is willing to undertake such an operation, but is moving with deliberation because he is also aware that the miners will probably put up a stubborn defense. The miners are armed, they are fierce fighters, and they are under determined leadership.

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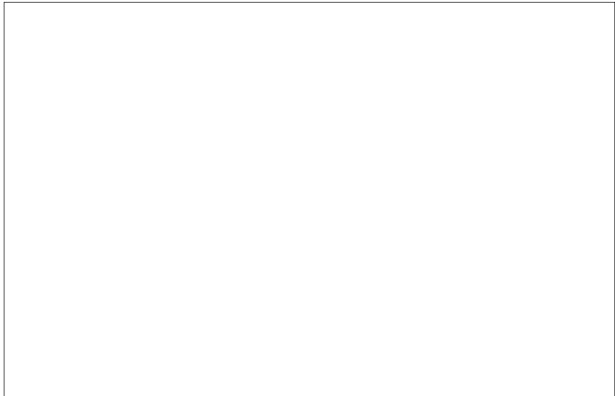
Western Hemisphere

GROWING OPPOSITION TO PANAMANIAN PRESIDENT ROBLES

Growing public dissatisfaction over the Robles administration's meager progress in alleviating Panama's basic problems is creating an atmosphere increasingly conducive to political upheaval that could become violent.

The search for some means to discredit, if not dislodge, President Robles has become virtually the sole preoccupation of a wide spectrum of political and subversive elements in Panama. Communist groups are making daily attempts to set off

a student strike and other demonstrations against the US action in the Dominican Republic.



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