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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY DIRECTORATE OF INTELLIGENCE

State Dept. review completed



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C O N T E N T S

(Information as of noon EDT, 23 June 1966)

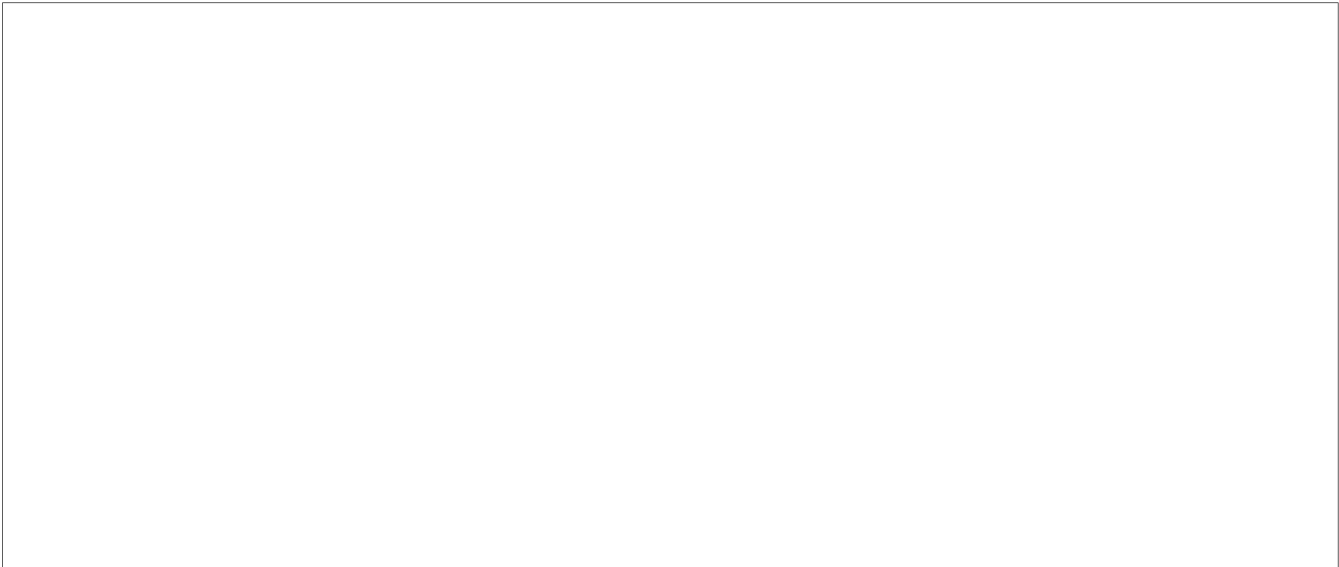
Far East

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VIETNAM	1	
The Ky government has declared the problem of the Buddhist "struggle" movement "solved," and several major allied operations along the Cambodian border appear to have delayed or disrupted an anticipated Communist summer offensive. The government, in addition to preparing for election of a constituent assembly this September, faces a host of administrative and economic problems-- as well as the danger that relaxation of Buddhist opposition pressure will lead to a renewal of military infighting.	25X1	
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SOUTH KOREA MOVES AHEAD UNDER PAK CHONG-HUI	25X1	
The many accomplishments of President Pak's administration--normalization of relations with Japan, the dispatch of troops to Vietnam, reduction of inflation-- have engendered a new national pride and self-confidence. The progress made, however, is adding new dimensions to old problems as well as creating new problems of its own. In Korean-US relations, for example, Korea's achievements are likely to be increasingly reflected in a growing independence and assertiveness on the Koreans' part. (Published separately as Special Report OCI No. 0295/66A)		

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Europe

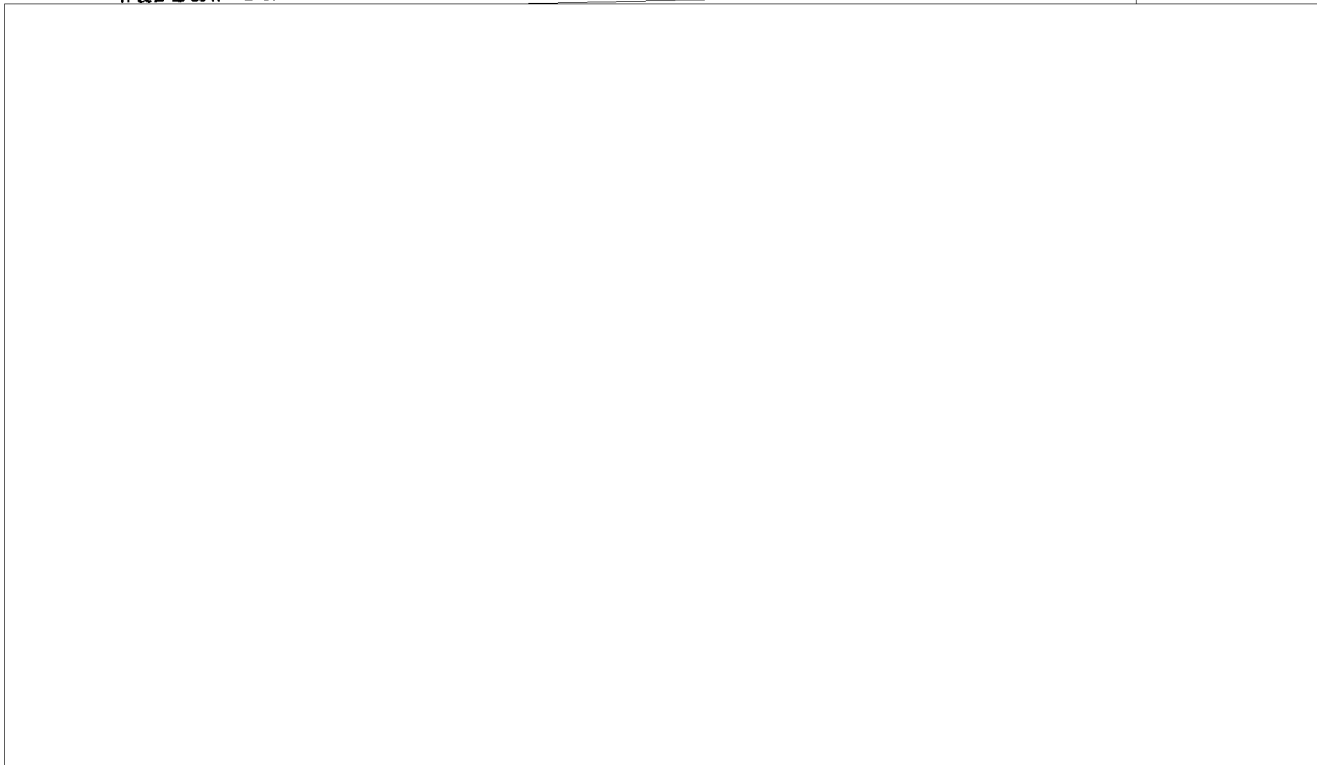
WARSAW PACT FOREIGN MINISTERS' MEETING

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The conference which ended in Moscow last week evidently ran beyond schedule because of conflicting views on Warsaw Pact structure and European security. [REDACTED]

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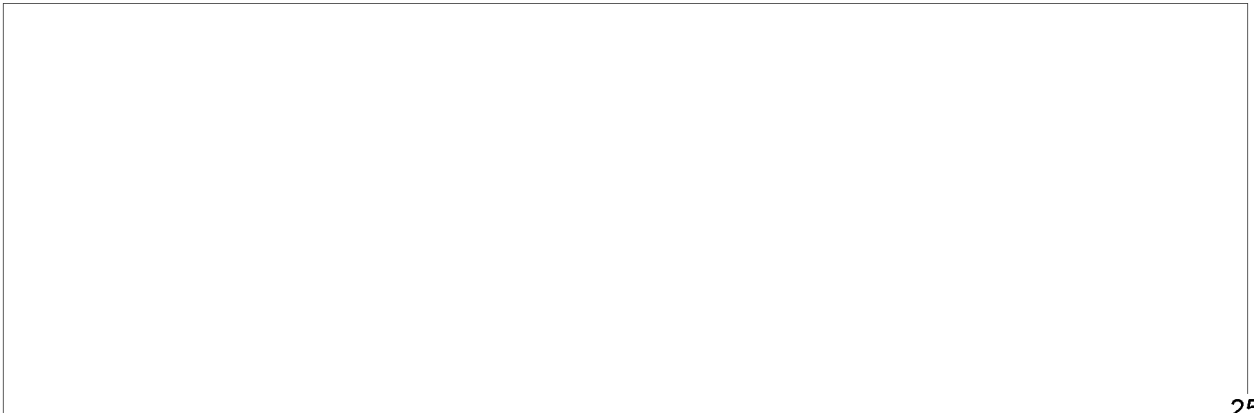


EEC MAKES PROGRESS ON KENNEDY ROUND

15

Last week's EEC Council decisions hold considerable promise that serious Kennedy Round bargaining can resume in September, but the EEC lacks negotiating flexibility and France's more accommodating attitude may not last.

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Middle East - Africa



NEW CYPRUS CRISIS FLARES

17

Turkey issued an ultimatum this week following a ban on the movement of Turkish Cypriots in Nicosia, but tension now has eased somewhat--with Makarios having again demonstrated his power.

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RECONSTRUCTION CONTINUING IN GHANA

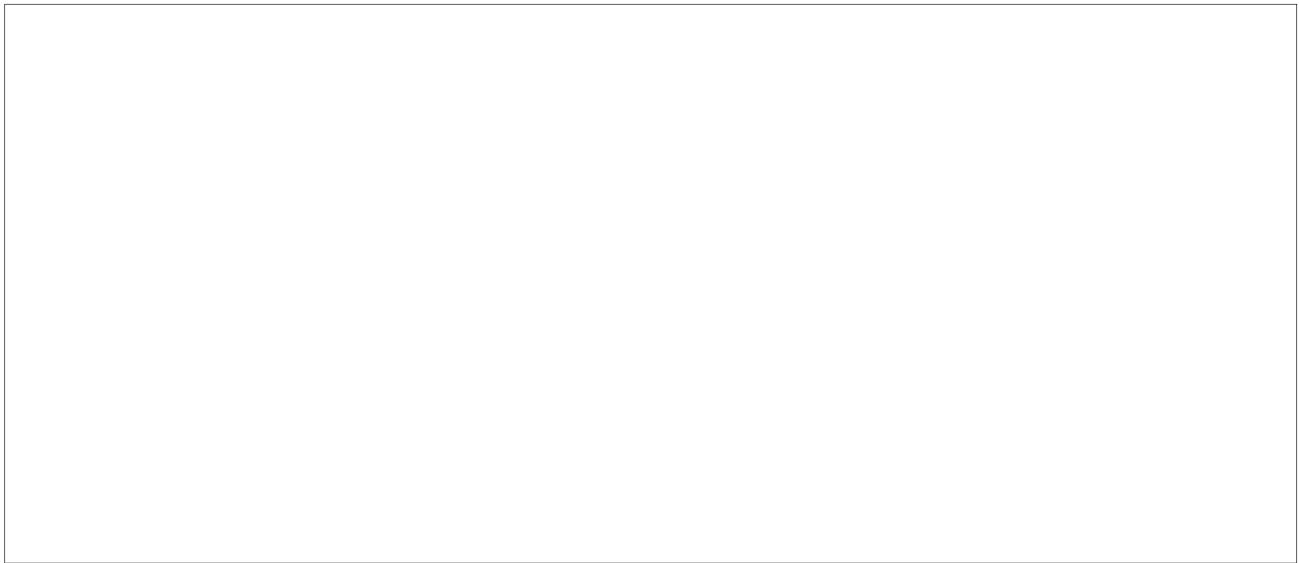
21

Four months since Nkrumah was toppled, the moderate military regime is functioning reasonably effectively, but is under increasing pressure to return to popular rule.



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Western Hemisphere



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SPECULATION SURROUNDS FIDEL CASTRO'S LACK OF ACTIVITY

27

The lack of conclusive supporting evidence has failed to still speculation in Havana for the last two weeks that Fidel Castro is either in political trouble or seriously ill.



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Far East

VIETNAM

The South Vietnamese Buddhists' capability for street agitation was nearly eliminated this week, as the Ky government completed its sweep of Hue, removed dissident leaders to Saigon, and sealed off the Buddhist Institute in the capital.

Buddhist political assets in central Vietnam were further reduced by arrests of other civilian officials and military personnel involved in the "struggle" movement. In Saigon, the current policy split between militant and moderate Buddhist leaders has even cast some doubt on the future existence of the Buddhist Institute itself, while the general failure of agitation to generate popular support there has revealed a relatively weak Buddhist position in the country's most strategic political center.

Despite this state of affairs, however, it is rather doubtful that Buddhist political influence will stay at its current low level as long as leaders of the caliber of Tri Quang, Tam Chau, and Thien Minh remain active. Lingering resentment of the Saigon government in the northern towns and a general lack of positive support for the Ky government may provide opportunities for future Buddhist maneuvering.

After general declarations that the antigovernment problem had been "solved," Premier Ky and other government leaders turned their attentions to a cele-

bration of the government's first anniversary on 19 June, which was marked by a full-dress military parade, a major address by Ky, and the promulgation of the election law for a constitutional convention.

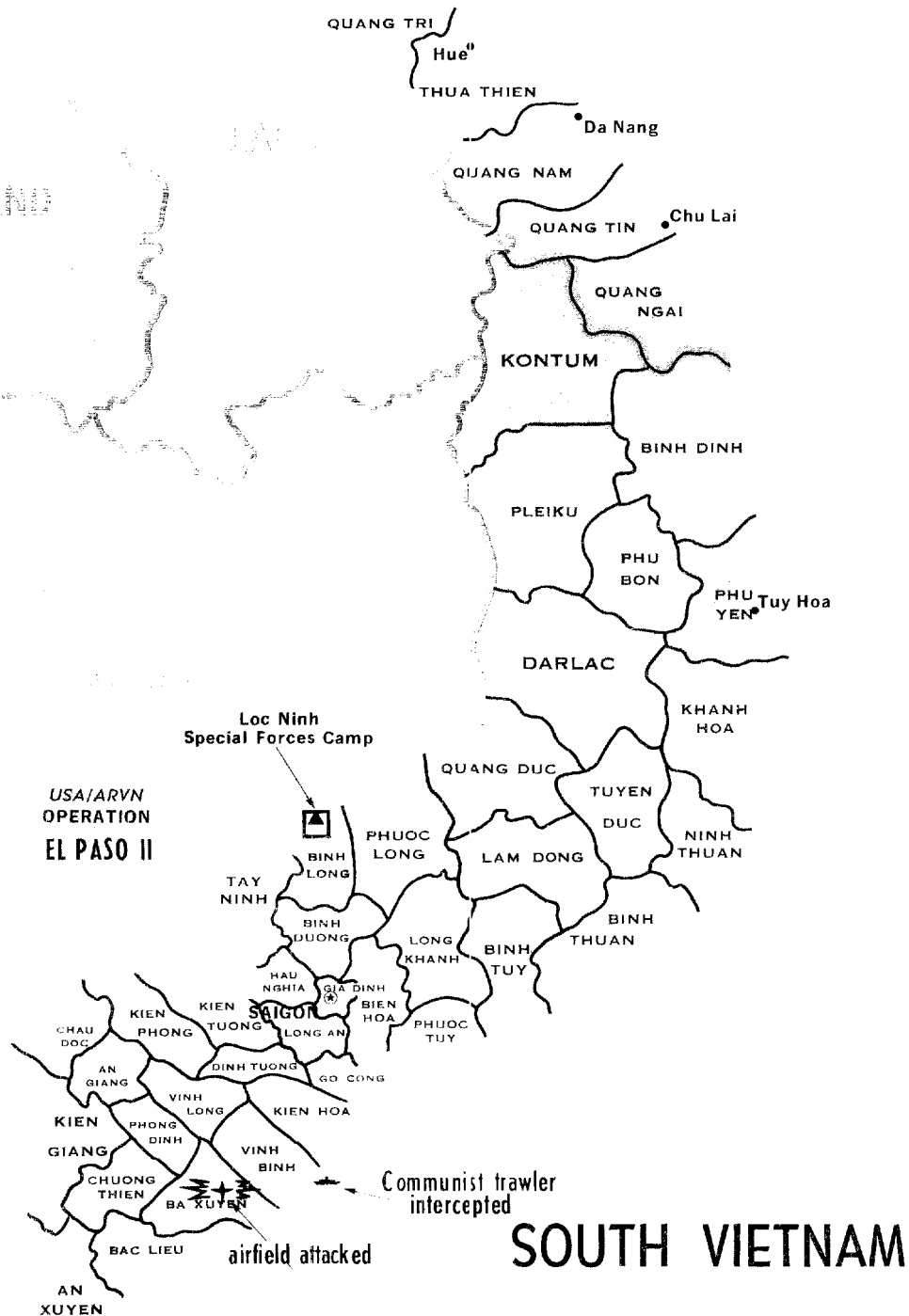
According to the law, delegates will be elected on 11 September only to draft a constitution. The draft will be subject to modification by the government, although the convention in turn can overrule government changes by a two-thirds majority vote. Timetables for drafting, promulgating, and implementing the constitution will allow the Ky government to remain in power until at least mid-1967.

Buoyed by its success in quelling the "struggle" movement, the government appears relatively unified at present, even though its decision to move forcefully against the dissidents emanated from a relatively small, hard-line faction in the armed forces. A relaxation of opposition pressure over a continuing period of time, however, could reopen splits between previously well-defined military cliques.

Aside from potential infighting, the government faces a host of administrative and economic problems which have been highlighted during the past few months by a serious inflationary trend. Devaluation and other reform measures put into effect this week to combat

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inflation risk a possible loss of confidence by the business community. Initially, entrepreneurs appeared to adopt a "wait and see" attitude while studying the new regulations, and the full effects of the reforms are not yet clear.

Southern Military Developments

Several major allied spoiling operations along the South Vietnam/Cambodia border appear to have delayed or disrupted an anticipated Communist summer offensive in the central highlands and north of Saigon.

Border surveillance operations in Pleiku and Kontum provinces are particularly indicative of the effectiveness of the US/Vietnamese "preventive action" campaign. Since mid-May, these long-term ground sweeps have resulted in more than 1,000 Communist troops killed and may have disrupted the northeastward movement of a North Vietnamese (PAVN) division-level formation into South Vietnam's high plateau region. In addition, the 24th PAVN Regiment operating in Kontum Province is believed to have been put out of combat for at least the next two months.

In Binh Long Province, Operation EL PASO II has apparently forced regimental-strength Viet Cong/PAVN forces to postpone or at least to modify their plans for major action against the Loc Ninh Special Forces Camp during the initial phase of the rainy season.

In the coastal lowlands, allied operations have thwarted enemy operations against rice harvesting activities in the Tuy Hoa area of Phu Yen Province.

These and other recent significant allied successes have forced the Communists to rely on hit-and-run attacks on isolated, lightly defended Vietnamese paramilitary positions, and US/allied lines of communication and rear areas.

The pattern of Communist activity suggests a strong disinclination for the present to mount sustained attacks or to engage in fixed battles. Only one battalion- and two company-sized attacks were made against Vietnamese Government regulars and paramilitary forces at widespread points of the country last week. Viet Cong units also launched damaging mortar and recoilless rifle assaults against USMC positions near Da Nang and Chu Lai, and against a US airfield in the delta province of Ba Xuyen.

On 19 June, US Coast Guard cutters thwarted the second major Communist maritime infiltration effort in five weeks off the coast of southern South Vietnam by intercepting a 125-foot steel-hulled trawler along the Vinh Binh Province coast.

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Europe

WARSAW PACT FOREIGN MINISTERS' MEETING

The Warsaw Pact foreign ministers' conference which ended in Moscow last week evidently was drawn out beyond schedule because of conflicting views about the pact's structure and European security. It appears that the Rumanians, once again at odds with the Soviets, were successful in getting Moscow to modify its position.

The meeting ended with an announcement that the pact's highest ranking body--the Political Consultative Committee--will meet in Bucharest in early July. Despite the difficulties encountered in Moscow, therefore, the foreign ministers found enough common ground to proceed with the much-rumored bloc summit conference. Rumania's foreign minister indicated on his return from Moscow that he was not at all dissatisfied with the results of the meeting.

The main problem seems to have arisen from a Soviet attempt to introduce greater cohesion into the Warsaw Pact machinery. 25X1

The Moscow foreign ministers' meeting overlapped a meeting in East Germany of top defense officials of the USSR, Poland, East Germany, and Czechoslovakia who presumably discussed defense arrangements of the pact's "Northern Tier." Moscow has probably been obliged to settle for something less than its desired objectives in the military as well as political field.

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EEC MAKES PROGRESS ON KENNEDY ROUND

Last week's EEC Council decisions hold considerable promise that the bargaining stage of the Kennedy Round negotiations will be able to get under way in Geneva in September. Community officials are optimistic that other important decisions on farm prices will also be made in time to enable the EEC to complete its agricultural offers by fall. Satisfaction among the Six is tempered, however, by recognition that they lack negotiating flexibility and that France's more accommodating attitude may be temporary.

By agreeing to the EEC Commission's proposal for an international grains agreement, the French have permitted the EEC to take a negotiable position toward the US and other major grain exporters. The community in effect has conceded that grain importers should share with exporters the burden of food aid to less developed countries. However, the EEC proposal envisages a high ratio (90 percent) of internal production to consumption, and the Six are not committed to automatic corrective measures when EEC production exceeds agreed limits.

A West German concession will enable the Council to offer a 50-percent reduction of the EEC's tariff on paper pulp when the Kennedy Round talks resume. However, the positions to be taken on newsprint and aluminum are not very liberal. A Norwegian official has characterized these proposed EEC offers--on

products of considerable interest to the Scandinavian countries--as "totally inadequate," and has even predicted that the Scandinavians might react by reducing their own bargaining lists "so massively as to amount to a pulling out of the Kennedy Round." The official also speculated, however, that the EEC might eventually offer what would amount to a preferential trade deal in these products between Norway and the Six.

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The Six remain dissatisfied with a US offer to consider revising its tariff valuation procedures, which have been a long-standing complaint of the Europeans and others. Although some community officials probably would prefer to take advantage of this offer, one Commission official opined that "protectionist elements" in the EEC would welcome an excuse to withdraw chemicals from the Kennedy Round entirely.

According to a Dutch official, Foreign Minister Luns--after the Netherlands assumes the Council chairmanship on 1 July--will "make full use of his office" in getting EEC action on Kennedy Round decisions. Luns reportedly is willing to put issues to a vote if necessary, again raising the possibility of a confrontation with the French on this basic political issue.

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NEW CYPRUS CRISIS FLARES

Tension remains high in Cyprus following the most recent crisis between President Makarios' government and the Turkish Cypriots.

The crisis atmosphere began to build up in early June when Makarios briefly imposed new restrictions on the movement of Turkish Cypriots in Nicosia. Makarios probably wished in part to show Athens and Ankara that he remained the dominant figure on the island and to convince them that no solution of the Cyprus problem could result from the coming Greek-Turkish dialogue without his concurrence.

During the succeeding three weeks, incidents increased. There were scattered bombings, both the Greek and Turkish communities seized hostages, and the Greek Cypriots increased their harassing tactics. A new confrontation developed last week over Greek Cypriot efforts to build a road through an area dominated by the Turkish Cypriots. Military commander Grivas threatened to use force to eliminate new armed Turkish Cypriot positions, but Athens advised restraint.

On 21 June, following a bomb explosion in the capital, Makarios reimposed a strict blockade on the Turkish Cypriot community in Nicosia which was

to have lasted until the 24th. Almost immediately, Ankara issued a demarche demanding that he lift the ban within 24 hours or face unspecified "countermeasures." Greek intervention apparently resulted in the lifting of the ban soon after the Turkish-imposed deadline passed, but not before Makarios had demonstrated his ability to stand up to a Turkish ultimatum.

Despite their threat of retaliation the Turks gave no indication of preparing to take overt military action against the island. Their failure to act may have resulted from a lack of coordination between Turkish political and military leaders, who were probably somewhat embarrassed by their general lack of unpreparedness to take immediate forceful action after having just completed major military exercises along the southern coast of Turkey. Most of the amphibious force had dispersed to home stations and probably could not be reassembled in effective numbers on such short notice. Ankara may also have received assurances from Athens that it would press Makarios to lift the ban and keep the situation from getting out of hand.

Out of the crisis Makarios has demonstrated more clearly than ever before his firm control of the situation on Cyprus. 25X1 He apparently has failed, however, to drive a new wedge between Athens and Ankara.

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RECONSTRUCTION CONTINUING IN GHANA

Ghana's moderate military regime, in power since the coup which toppled Nkrumah last February, is functioning reasonably effectively and has retained broad popular support. It is under increasing pressure from former opposition politicians, however, to speed a return to civilian rule.

So far General Ankrah and the seven other army and police officers of the ruling National Liberation Council (NLC) seem to be cooperating fairly well. Formal probes into official corruption under the old regime are continuing, but the NLC has shown itself anxious to stem vindictiveness against former Nkrumah supporters. In the face of strong disapproval from Nkrumah's old political foes, the new leaders have begun to release from detention persons found not to be criminally liable for their past actions. Former foreign ministers Quaison-Sackey and Botsio were both recently freed.

The struggle to rehabilitate Ghana's nearly bankrupt economy has led to new cuts in spending in various areas and an initial group of nonpaying state enterprises is being transferred to private management. The new regime has been notably successful in obtaining a \$37-million stabilization credit from the International Monetary Fund and in winning at least a three-month respite on heavy foreign debt payments. The new budget coming out next month will probably include further austerity measures.

Despite the NLC's continuing ban on political parties and ac-

tivity, a good deal of politicking is going on, especially by former top opposition leader K. A. Busia. His public "lectures" around the country clearly have been designed to build grass-roots support for himself and bring pressure on the NLC to give former opposition politicians a voice in the new government. Ankrah, in a recent speech, rebuked such activity, but at the same time announced formation of an advisory political committee and promised early establishment of a constitutional review commission --two of Busia's recommendations. Busia, who is included among the 18 prominent citizens tapped the political committee, can be expected to press his drive for a return to civilian rule much sooner than the "two or three" years still cited by the NLC.

Ghana's new rulers continue to suspect the USSR of helping Nkrumah to prepare a comeback attempt from his refuge in Guinea. 25X1 For economic reasons, however, they have extended Soviet deliveries of crude oil

Al-
bania and North Vietnam have both closed their Accra embassies and the North Koreans apparently will depart soon. The East German trade mission is also gone--as is Ghana's from East Berlin--amid hard feelings generated by a wrangle over an East German espionage expert detained by the NLC for almost three months.

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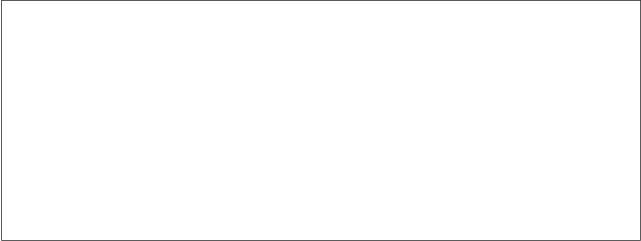
SPECULATION SURROUNDS FIDEL CASTRO'S LACK OF ACTIVITY

The lack of conclusive supporting evidence has failed to still speculation in Havana for the last two weeks that Fidel Castro is either in political trouble or seriously ill.

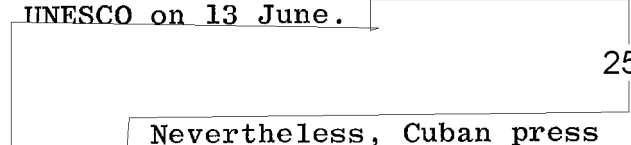
Castro's uncharacteristic withdrawal from the center of political activities and his lackluster bearing during his last public appearance on 4 June have provoked the speculation. President Dorticos' governmental role has obviously risen sharply in recent weeks. There is no indication, however, that Castro's withdrawal from the limelight will be more than temporary.

Castro has not delivered a public speech since 1 May, having missed several occasions on which he normally would have spoken. He appeared on the platform during President Dorticos' 4 June speech at a reservists' rally, and looked "tired, depressed, and dejected," according to observers.

Some rumors hold that he has become physically or mentally incapacitated. Others claim the Cuban Communist Party political bureau removed him from power on 7 June because of his alleged intention to send military forces against the US naval base at Guantanamo.



There is no evidence to substantiate the persistent rumors. Castro held a lengthy interview with the director general of UNESCO on 13 June.

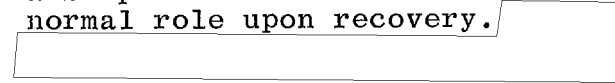


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Nevertheless, Cuban press coverage of his activities has been notably scanty in the past two or three weeks, and it is highly unusual for him to be so little in the public eye for so long a period. It is also unusual that neither Castro nor any other regime official has seen fit to rebut the rumors, as has happened in similar situations in the past.

In the absence of more substantial information it is reasonable to assume that Castro may be temporarily ill or fatigued. This would explain his general withdrawal from activities and his condition as described on 4 June. It would also point to a return to his normal role upon recovery.

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