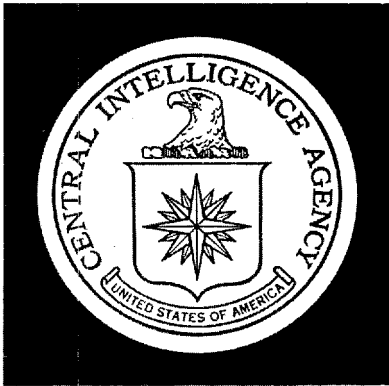


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WEEKLY SUMMARY

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(Information as of noon EDT, 18 May 1967)

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<p>North Vietnamese forces are maintaining a heavy pressure against US Marine positions just south of the Demilitarized Zone. Captured documents and POWs continue to suggest enemy preparations for intensive fighting in the highlands. Hanoi is inaugurating new evacuation measures and Saigon is gearing up for a major political race for the presidency.</p>	
<div style="border: 1px solid black; height: 100px; width: 100%;"></div>	
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The head of the Panamanian negotiating team recently informed President Robles that the canal treaties will not be completed by July 1967 as he had hoped because of the complexity of issues yet to be discussed.

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Recent murders have stiffened the left-of-center Dominican Revolutionary Party's opposition to President Balaguer. He has named a commission to investigate the police,



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FAR EAST

Peking has invited a direct political confrontation with Britain by becoming involved in the leftist campaign against the Hong Kong Government. A Chinese Foreign Ministry statement, in effect, extended the mantle of Chinese protection over "compatriots" in Hong Kong and insisted on compliance with demands similar to those imposed on the Portuguese in Macao last winter. Peking warned that it is determined to "carry the struggle through to the end." China's direct intervention and London's initial reaction will make it difficult for either side to back down. The Chinese seem ready to wage a prolonged war of nerves to humiliate the British and weaken their authority in Hong Kong.

The question of how far the Chinese are prepared to go in disrupting the colony is complicated by new signs of confusion and apparent stalemate in China's internal struggle. Peking's pronouncements now criticize the "anarchic" actions of the same militant Red Guards who were praised and encouraged in April. Despite orders to halt demonstrations and violence, the Red Guards continue to instigate disorder in Peking and the provinces, with little effort apparently being made to curb them.

In the Vietnam conflict, Hanoi's propaganda is portraying Communist attacks on allied forces south of the Demilitarized Zone as retaliation for US air attacks against populous areas in North Vietnam. Communist forces elsewhere in South Vietnam are avoiding major contact with allied troops while stepping up mortar and rocket attacks against allied installations, including two airfields near Saigon.

Political developments in Saigon were highlighted by Premier Ky's formal announcement of his candidacy for president in the September elections. He is actively campaigning and meeting with political leaders in an effort to organize a "united anti-Communist front." Chief of State Thieu's intentions remain obscure, but he appears to be holding the door open for declaring his candidacy. [REDACTED]

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VIETNAM

North Vietnamese forces are continuing their intensive artillery, rocket, and mortar barrages against US Marine positions near the Demilitarized Zone (DMZ) in northeastern Quang Tri Province. The attacks have resulted in more than 500 Marine casualties, including at least 75 killed, during the past week. Confirmed enemy killed stands at 200, although over-all enemy losses are estimated to be considerably higher.

Artillery fire is being directed both from within and north of the DMZ. Two new artillery weapons--85-mm. and 100-mm. field guns with maximum ranges of 10 and 13 miles--have apparently been brought into the zone itself. In addition, photography of 13 May has disclosed at least eight 130-mm. field guns--with a range of 17 miles--about eight miles north of the DMZ. Five of these field guns were reported subsequently destroyed by US air strikes. There is evidence from POW interrogations that at least one battalion and possibly the entire 84th Artillery Regiment of the North Vietnamese Army (NVA) is currently operating in the central DMZ.

The focal point of current Communist activity is the US

Marine bastion at Con Thien, which is roughly two miles below the DMZ and is the western terminus of a seven-mile-long strip presently being cleared to impede infiltration.

In western Quang Tri Province Communist forces have pulled back toward Laos from Hill 881 northwest of Khe Sanh. Although more than 800 Communist regulars have been killed in this area since 24 April, they continue to resist US Marine clearing operations.

Prisoners have confirmed that the force involved in the recent fighting near Khe Sanh was the 95 "C" Regiment of the 325th NVA Division. The division headquarters and its two other regimental subordinates--designated 101 "D" and 18 "C"--have been put into the "possible" category of MACV order of battle on enemy main force units in western Quang Tri or the adjacent sectors of Laos. This is the third generation of regiments trained by the 325th headquarters for infiltration into South Vietnam since late 1964.

The 5,100-man 325th Division increases the number of North Vietnamese division headquarters in South Vietnam to seven, the number of regiments to 24, and

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the total number of North Vietnamese regulars to 52,580.

Central Highlands Outlook

A document captured on 3 May outlines the summer rainy season campaign plan of the B-3 Front, the major Viet Cong/NVA headquarters command in the central highlands provinces of Kontum and Pleiku. In this document the Front headquarters directs its recipients to prepare to receive additional troops from North Vietnam and to improve administration, "because the number of troops from North Vietnam is increasing every day."

The document also discloses that the mission of the B-3 Front and its five subordinate regiments is to make a maximum effort to tie down, disperse, and destroy American troops operating in the highlands. This mission was apparently based on the assessment that some US units would be withdrawn to reinforce the coastal areas of II Corps and the heavily threatened northern provinces-- Quang Tri and Thua Thien.

The importance of the central highlands to the Communists was underscored by recent statements of a North Vietnamese defector

[redacted] He claimed that the Communists consider the highlands the "principal strategic" battleground in South Vietnam and, as such, the number one theater of operations. He also predicted that major Communist attacks would take place there in June.

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The current presence of at least three NVA regiments in western Pleiku Province, taken together with the discovery of supply caches and battalion-size bivouac sites in the immediate vicinities of Duc Co and Plei Me Special Forces camps, suggests that Communist battlefield preparations in this area are nearing completion and that large-scale forays may be imminent.

Air War Over North Vietnam

In the air activity over North Vietnam, US pilots brought down a record number of ten North Vietnamese jet fighter aircraft on 13 and 14 May, bringing to 32 the number of such planes downed since the first of the year. In the past North Vietnam has replaced lost planes relatively quickly, maintaining a stable in-country order of battle of about 60 jet fighters.

Hanoi Evacuation Moves

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[redacted] the Vietnamese leaders are undertaking additional evacuation in Hanoi and Haiphong in expectation of continued US bombing of these two areas. In early May, the Soviet ambassador passed the story that new efforts under way to evacuate Hanoi would reduce the city's population by another 30 percent. At the same time the Hanoi government conserve diplomatic missions to conserve electricity and increase food stocks. Foreign missions were not told to evacuate, however.

The government has also introduced new austerity measures since air strikes began in the Hanoi-Haiphong area. Low-level officials and persons not working for the government reportedly have had to accept as much as 25 percent of their May rice ration in flour, and meat rations have been reduced. These reports indicate that, although life in the capital area has become more difficult in the past several weeks, the regime has the situation in hand and the population is still orderly and responsive to government direction.

Saigon Politics

In Saigon, the Constituent Assembly's final approval of election laws has cleared the stage for a major political contest over the presidency of South Vietnam.

On 12 May Premier Ky finally declared himself publicly as a candidate. Although most of the leading generals had apparently indicated their support for him prior to his announcement, he will run without the formal endorsement of the military establishment.

Ky is already publicly seeking support, although the law limits campaigning to the month preceding the 3 September election date. He recently visited the delta town in which the Hoa Hao religious sect is predominant, and he has been a frequent visitor to Tay Ninh province, center of the Cao Dai religious sect, where he has personally handed out land titles to the peasantry.

Ky's presidential prospects, however bright on the surface, may still encounter problems. The major obstacles confronting him in the immediate future are the undeclared intentions of General Thieu and the candidacy of former premier Tran Van Huong, who is widely thought to have the best chance among the civilian hopefuls. Thieu is still weighing the choices open to him: whether to defer to Ky and return to a strictly military role, or to oppose Ky by entering the race himself or by supporting a civilian. Thieu told a US correspondent on 17 May that he is looking into the possibility of a broad political front to back his candidacy. [redacted]

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CONFUSION DEEPENS IN COMMUNIST CHINA

Red Guard violence in defiance of new official injunctions against "anarchy" has further obscured the confused situation in Communist China.

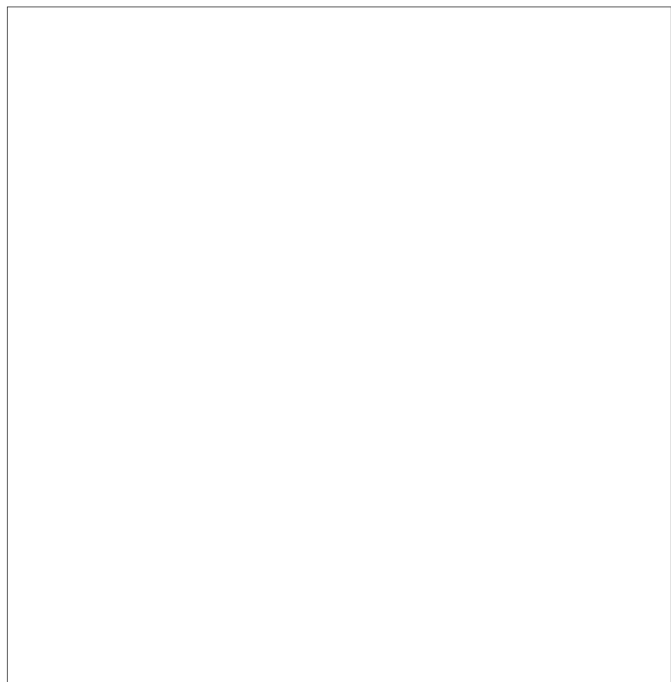
Militant Red Guards, who were being praised and encouraged during April, have again come in for heavy criticism in regime pronouncements during the past two weeks. They have been sternly ordered not to demonstrate in the streets, resort to violence, or cause production losses. Yet, they have continued to instigate disorderly situations, both in Peking and the provinces, and seemingly little effort has been made to curb them.

People's Daily on 12 May criticized Red Guards for their lack of discipline and "anarchic" tendencies, a return to a theme stressed during February when restoration of law and order was of paramount concern to leaders in Peking.

On 9 May, Minister of Public Security Hsieh Fu-chih reportedly blamed disorderly revolutionaries for causing industrial production to decline in April. An editorial in the 15 May People's Daily elaborated on the theme that a "true revolutionary" is one who

practices economy and stimulates production.

On 14 May the new Peking Revolutionary Committee, which is headed by Hsieh Fu-chih, ordered Red Guards to stop using violence to settle their disputes. On 15 May a large parade was held to support this directive; it overshadowed an anti-British demonstration being held at the same time.



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A poster put up in Peking on 15 May accused two men named on 7 May to run a special district in

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Szechwan of being "reactionaries" responsible for killing and wounding hundreds of Red Guards in clashes on 13 and 14 May.

In Peking, confused and unconfirmed poster reports have described clashes between workers and Red Guards in a northern suburb of the capital from 3 to 11 May. Reports of rioting at the Ministry of Foreign Affairs have been partly confirmed by foreign newsmen. A Red Guard detachment which has been in the

forefront of the six-week-long drive against Foreign Minister Chen Yi broke into the ministry on 13 May. The guards, who reportedly occupied the ministry for many hours, apparently ransacked files in a search for material which could be used against Chen Yi. In spite of the attacks, Chen Yi continues to perform limited ceremonial duties; he appeared at a reception given by the Pakistani ambassador on 13 May.

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CHINESE COMMUNISTS MOUNT CAMPAIGN AGAINST HONG KONG

Peking has mounted a campaign to humiliate British authorities in Hong Kong and to extract concessions from them. The Chinese are probably seeking both to undercut the position of the colonial government and to expand their own base of popular support.

Since January, the Chinese Communist apparatus in Hong Kong has pursued a much more aggressive policy in exploiting public grievances and in involving itself in labor disputes. On 6 May, the Hong Kong authorities used police for the first time against leftist strikers and arrested several of them. The leftists in the colony reacted with charges that the Hong Kong Government had committed

"atrocities" against Chinese workers and demanded punishment of those responsible.

Although the local party apparatus is probably responsible for the day-to-day conduct of operations in the colony, the campaign against the Hong Kong authorities is almost certainly under the general direction of Peking.

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Peking directly intervened in the leftist campaign against the Hong Kong Government on 15 May.

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The Chinese Foreign Ministry handed the British chargé a statement demanding that the British immediately accept all the demands of the leftists, release those arrested in recent disturbances, punish those responsible for the arrests, offer apologies and compensation, and guarantee that similar incidents would not occur again. Unless these steps are taken, the statement warned, the British would be responsible for all the unspecified "grave" consequences. The contents of the Foreign Ministry statement are similar to the Chinese demands on the Portuguese in Macao last winter.

Peking has meanwhile begun a campaign of harassment against British diplomats reminiscent of that employed against Soviet and East European diplomats last February. Massive demonstrations were staged outside the British Embassy in Peking and the residence of a British diplomat in Shanghai was sacked, although he and his family escaped unhurt.

Hong Kong authorities initially sought to avoid involvement in the labor disputes, but now believe that they must take a harder line to prevent erosion of their authority. They are encouraged in this belief by the view that a strong line might have served the Portuguese better in the Macao dispute. The authorities already have mobilized the approximately 13,000 police and reserves and alerted the British Army garrison of four infantry battalions.

The British Foreign Office is drafting a statement of support for the Hong Kong Government. It voices full approval of the government's determination to "settle labor disputes impartially" while "preserving law and order" and deliberately ignores the Chinese Communist demands.

London anticipates a long war of nerves and believes Hong Kong is in for a rough time, but seems determined not to give in to Peking. The Foreign Office hopes that for the time being there will be no "obvious gaps" in US naval visits to the colony which Peking might interpret as a concession.

The Chinese Communists earned an estimated \$550 million worth of foreign exchange in Hong Kong last year and Peking thus has a considerable stake in permitting the colony to stay in business. The Chinese probably believe, however, that they can considerably increase political pressure aimed at extracting damaging concessions from the British without serious risk to their own economic interests. More violent demonstrations are probably in store for Hong Kong and it is likely that harassment of British diplomats in China will continue. Should these steps fail to achieve results Peking may go on to apply pressure through curtailment of food and water supplies from the mainland.

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EUROPE

It was a bad week for the British, with Prime Minister Wilson burned in effigy in Hong Kong, the South Arabian Federation Government hinting it might refuse to accept independence without an extended British defense guarantee, and British airline pilots being told to comply with Spain's new restrictions on flights into Gibraltar. Just while London is striving to cope with its overseas difficulties, De Gaulle cited those entanglements as one of many reasons why Britain is not "ready" to join the European community.

In a continuing effort to impede West Germany's drive to improve relations with Eastern Europe, East Germany's Walter Ulbricht arrived in Hungary on 18 May to sign the third of a series of friendship and mutual assistance treaties with his European allies. Meanwhile, his premier, Willi Stoph, made a provocative proposal last week to negotiate with West German Chancellor Kiesinger. This was another effort intended in part to impress the Eastern Europeans that Bonn, not East Berlin, is the main block to improved German relations and European detente.

The East Germans were also out this month to impress the Arabs. Foreign Minister Winzer failed, however, in his swing through five Arab countries (see page 15) to persuade any of them to defy West Germany's Hallstein Doctrine by recognizing the Ulbricht regime.

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THE KENNEDY ROUND AGREEMENT

The eleventh-hour accord reached in the Kennedy Round negotiations on 15 May is of major economic and political importance.

The agreement to reduce tariffs on industrial items by approximately a third on the average is less than the 1962 Trade Expansion Act had envisaged, but considerably more than had seemed likely only a year ago. There are also important compensations for the failure to achieve the hoped-for liberalization in agricultural trade and special benefits for the developing countries. The problems of these countries will receive further consideration. The major trading nations have committed themselves to finance an international food-aid program, and some progress has been made toward reducing the nontariff barriers to trade. Above all, the mere fact of agreement has averted a crisis which could have weakened the international trading system and perhaps seriously damaged US relations with the European Economic Community (EEC).

The refusal of all parties to accept the consequences of such a failure largely accounts for the compromises worked out on the comparatively few issues which had been blocking an agreement. After laborious efforts to work

out with the EEC a combination of access guarantees and food-aid commitments to assure a market for US grains, the US decided in the end to rely on the food-aid program, a simple extension of the International Wheat Agreement, and its own strongly competitive position.

On the difficult chemicals issue--where the EEC has insisted the US eliminate the protectionist American Selling Price (ASP) valuation procedure--the EEC agreed to cut its own tariffs unconditionally by amounts in the neighborhood of 20 percent, and by an additional 30 percent when the ASP is abolished. Other participants also made concessions--notably, the UK in reducing steel tariffs, and Japan in agreeing to participate in the food-aid program.

What the total trade package--to be implemented over the next five years--will mean precisely for trade volume, trade patterns, prices, and economic growth is impossible to say. While tariffs will no longer constitute a major obstacle to trade in general, this will not be the case for some sectors, and other restrictive devices remain or may be devised. Nevertheless, the continued rapid growth in trade--particularly

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among the industrialized countries--will be assured. The gains will obviously be the greatest in those trading items in which tariffs have constituted a significant element in the price.

The political gains of the Kennedy Round settlement are more clearcut and immediate. The agreement preserves the system of multilateral tariff bargaining based on the most-favored-nation principle; a failure to reach an agreement might have set off protectionist pressures around the world.

As it was initially designed to do, the Kennedy Round has brought the EEC's common external tariffs down to more palatable levels--an important precedent at a time when there is a trend toward the development of other regional trading systems which are inherently discriminatory. At the same time, the Kennedy Round has been a significant factor in accelerating the internal development of the EEC, in establishing it as a commercial entity, and in strengthening the EEC Commission as its bargaining agent.

Finally, while there are still many details to be mopped

up, this week's agreement will permit the Kennedy Round participants to begin focusing on other world trade problems. Negotiations on individual trade sectors where tariffs are still fairly high are one possibility. Another is a more systematic attack on non-tariff barriers which will loom relatively more important with the liberalization of trade in other respects.

Most pressing, however, will be the need to find further benefits for the less developed countries. Additional tariff concessions may be found for these countries even before the Kennedy Round agreements are finally concluded at the end of June, and some of the participants are now considering whether the cuts already agreed on should be made available to them immediately rather than scheduled over five years.

In any case, major attention seems likely to focus on the US offer at the Punta del Este conference to consider the possibility that all the industrialized countries might participate in a generalized system of preferences for the developing countries.

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DE GAULLE'S PRESS CONFERENCE

At his press conference this week, De Gaulle avoided shutting the door completely on Britain's bid to enter the European Economic Community but made it clear that London must bear the burden of proving its European bona fides to his satisfaction. By explicitly rejecting the idea of a veto and by indicating a willingness to negotiate, De Gaulle hopes to deflect charges of French obstructionism.

Since London has demonstrated its determination to become part of Europe, De Gaulle had little hope that the British would be deterred from entering into negotiations by his detailed listing of the "formidable" obstacles. His emphasis on the numerous problems involved is designed to discourage the EEC's other Five from lending any real support to London.

It is also a clue that his tactic will be to play for time, although in the long run he regards British membership as inevitable. He made it plain Paris will seek to exact harsh terms for British entry. The general probably believes that, if he can string out the negotiations long enough, London will give him an excuse to shut the door again.

British officials had hoped De Gaulle would not make his opposition so clear this early, but his position is no surprise. His statement may strengthen the hand of pro-Europeans in the government who are urging Wilson to keep his requests for concessions to a minimum in order to demonstrate that London is not as De Gaulle claimed, asking for "exceptional and prolonged trial periods" or "essential changes." The long and difficult negotiations foreshadowed by De Gaulle's remarks may, however, undercut Wilson's carefully contrived "momentum." The US Embassy in London thinks support from the Five is necessary if British public opinion is to continue favoring the effort to join at this time.

The press conference took place against a background of political agitation in France touched off by the government's request for special powers to decree economic reforms. The issue is now being debated in the National Assembly and opposition forces will shortly introduce a censure motion.

As a warning to wavering deputies in the majority who might be tempted to vote for censure, De Gaulle reminded them that the voters had

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elected the Gaullists under a single label and expected them to act as a unit. These remarks were aimed particularly at Valery Giscard d'Estaing and his

Gaullist-allied Independent Republicans, who have made no secret of their dissatisfaction with the government's request.

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EAST GERMANY AGAIN REBUFFED IN QUEST FOR RECOGNITION

East Germany's efforts to score a breakthrough in its long-standing quest for diplomatic recognition from a non-Communist nation were again frustrated during Foreign Minister Otto Winzer's trip this month to five Arab states.

Winzer had planned a trip to Cairo last January but postponed it because of East Germany's greater concern at the time about Bonn's diplomatic offensive in Eastern Europe. Last month, however, Arab League secretary Has-sunah returned from a trip to Bonn disappointed at the West Germans' negative attitude toward his principal aims--to get more aid for Arab governments and prevent any increase in aid to Israel.

The East Germans thereupon hastened to try to exploit what they believed was Arab disenchantment with Bonn and sent Winzer off to Egypt, Syria, Lebanon, Algeria, and Iraq.

Before leaving, Winzer publicly excoriated Bonn's use of its Hallstein Doctrine (which precludes diplomatic relations with any non-Communist government recognizing East Germany) to divide and isolate the Arab states. He also criticized West German economic and military assistance to Israel, while stressing the common interests of East Germany and Arab nations. Winzer undoubtedly repeated these arguments in private to his Arab hosts. He also offered economic assistance in return for recognition.

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Despite these blandishments, the Arab states refused to budge. Both the Egyptians and Syrians said they wanted friendly relations, but neither agreed to extend diplomatic recognition. Lebanon's Foreign Minister Hakim said that Beirut was not even considering recognition, and the Algerians were also cool.

The Arab League will again consider the German question in

September, but the same factors which have deterred Egypt and Syria, the countries most favorably disposed toward East Germany, from granting recognition at this time probably will also apply then. Pankow's chances of obtaining recognition from Arab governments continue to be dependent upon Arab reactions to Bonn's policies in the area.

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MIDDLE EAST - AFRICA

The war of nerves has heightened in the Middle East. Israel has made it clear that Syria would suffer a devastating attack if "Israeli blood is shed" during a Syrian-supported terrorist raid. Egypt has mobilized its forces and called for the withdrawal of UN troops in Sinai in a public show of support for Syria. Iraq has placed its army and air force on alert, and Jordan and Lebanon have pledged support for Syria if Israel attacks.

Meanwhile, the Lebanese prime minister has asked the US to postpone a scheduled visit of the US Sixth Fleet to "a more suitable date." President Hilu apparently has knuckled under to pressure from Egypt, Syria, and local leftist elements to cancel such visits.

In the Sudan, the Constituent Assembly on 18 May elected Muhammed Ahmad Mahjoub as prime minister to replace the capable Sadiq al-Mahdi, who resigned earlier this week after a vote of no confidence. Mahjoub was not particularly effective when he was prime minister in 1965 and 1966.

Major problems are lurking below the surface calm in Greece. The public is becoming aware of the potentially serious rivalry between the coup's strong man, Col. Papadopoulos, and the minister of interior, General Pattakos. The coup leaders' relationship to the King remains in some doubt and depends on the degree to which they will accept his counsel or need him as a symbol of reassurance to the Greek people. Major economic problems, such as a balance-of-payments deficit and imbalance in the agricultural sector, also face the regime.

The looming fragmentation of Nigeria remains the most critical problem in Africa. Observers believe that the crisis could come to a head by the end of May. In Guinea, Sekou Touré is proceeding with the expulsion of foreign missionaries, but during Assistant Secretary Katzenbach's recent visit, he made overtures for renewed US assistance.

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EGYPT CONTINUES HARASSMENT OF ARABIAN PENINSULA

Cairo has "arranged" the release of the two US prisoners in Yemen, but continues to bomb border towns in Saudi Arabia and conduct heavy air raids against dissident Yemeni tribes.

The two US AID employees, who were arrested on 26 May for an alleged bazooka attack on an ammunition dump, were taken from Taiz to Sana on 13 May, released to the custody of the US Embassy, and then "forgiven" by President Sallal on 17 May. They arrived in Ethiopia the same day. The Egyptians maintained the fiction that the matter was between the US and Yemen, publicly claiming in the end that they had been asked by the US to mediate the dispute.

The preponderant role assumed by Egyptian personnel in the arrest and investigation of the AID employees, however--and the complete dominance of the Egyptian military machine in Yemen--made it almost impossible for the Yemeni republican regime to do anything without at least Egyptian concurrence. By placing the apparent responsibility on Yemen, Cairo has been able to wring the maximum propaganda gain from the incident while retaining control of the initiative. Thus, at the eleventh hour, when it seemed the prisoners would in fact stand trial, Egypt could make a show of stepping in to save the US the embarrassment of a public trial.

Nasir has accused Saudi Arabia of being the chief US stooge in the Arab world. He believes that Saudi King Faysal is already supporting another royalist campaign in Yemen with money and weapons. Last week Egyptian aircraft again started harassing Saudi Arabian border towns with light bombing. Although this is intended to break Saudi morale and to cause Faysal to withdraw his support of the royalist cause, it may bring sufficient popular pressure on the King to force him to renew and enlarge his aid.

Within Yemen, Egypt has launched a campaign against tribal dissidence, both royalist and republican, in areas close to Sana. There are reports of heavy bombing in the Arhab region some 30 miles north of Sana, following tribal disturbances against the Egyptians. The royalists have once more complained about heavy casualties due to the use of gas bombs and incendiaries in these raids. Egypt now appears to be eradicating the chief centers of resistance among the tribes by methodical bombing forays, against which the tribesmen have little defense and which contain almost no risk for Egyptian personnel. The lack of hard evidence to prove publicly Egyptian use of gas in Yemen last January has probably encouraged Cairo to step up these raids to put an early end to the resistance, confident that few people will have access to the area of operations.

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SYRIA AND EGYPT PREPARE FOR EXPECTED ISRAELI ATTACK

The danger of major hostilities between Israel and the Arab states has become acute as a result of recent Syrian-supported terrorist activity in Israel. Arab fears of a large-scale reprisal against Syria, which probably would take the form of an air strike, rose sharply following public Israeli threats last week to take such action if the terrorism did not cease.

Within a few days Syria and Egypt, who have a joint defense agreement, put their armed forces on "full alert." The Egyptians reinforced their frontier defenses by moving at least a division eastward to the Suez Canal area and smaller units into the Sinai peninsula. Iraq, Jordan, Lebanon, and Kuwait announced that they also were ready to aid Syria. Israel, for its part, has not instituted any large-scale build-up along the Syrian border, but could quickly do so in the event of trouble.

Cairo gave widespread publicity to its military preparations in the apparent hope that this would either deter Israel from a move against Syria or stimulate international pressure which would prevent a conflict. Nasir presumably is anxious to discourage another clash along

the Israeli-Syrian border because he would virtually be compelled to take some counteraction, particularly after having encountered Arab criticism for his inaction and silence during the Israeli-Syrian air battle on 7 April.

Egypt also took steps to avoid any further charges, such as Jordan has leveled in the past, that it was "hiding behind a UN shield." Cairo asked the UN Emergency Force (UNEF), stationed in Egypt along the Israeli frontier since 1957, to withdraw its troops. The first request was that the UN troops congregate in the Gaza strip "to insure their safety," but on 17 May Cairo asked UNEF to leave the country altogether.

A political dispute between Cairo and UN headquarters in New York may be developing over this issue because U Thant has not agreed to the Egyptian proposal. Cairo has said it would not discuss the matter in the UN.

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calmness" but have indicated that an Egyptian reoccupation of UN positions at the entrance of the Gulf of Aqaba, a vital Israeli trade route, would create a "completely impossible situation." Israel also has announced that it is taking "appropriate measures" in the face of Egypt's deployment of a stronger force in Sinai. The Israelis have begun a military build-up in southern Israel in response to Egypt's moves.

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The Israelis profess to be watching the situation "with

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NIGERIAN CRISIS CONTINUES

Relations between Nigeria's federal government and its Eastern and Western regions are at a low ebb,

Tensions between the West's Yorubas and the Northerners in the region continue unabated. Northern soldiers stationed near Lagos are in an ugly mood because of Yoruba pressure on them to leave Lagos and the West. These and other federal troops in the West are primarily responsive to their senior NCOs, over whom responsible commissioned officers have only tenuous control. A near mutiny occurred on 11 May over the theft of arms and ammunition--since recovered--which aroused fears of a coup plot against Commander in Chief Gowon, head of the federal government.

The Northern troops in Ibadan are also very much on edge and reportedly have plans to terrorize local Yorubas to teach them a lesson. Yoruba political leaders, however, appear adamant that the West must govern itself.

The tension between these two groups has spread to the Northern Region, where Hausas are reportedly extorting money from Yorubas. Substantial numbers of Yorubas are now leaving the North where they have played a key role in the administration

and economy since the skilled Ibos were expelled to their native Eastern Region last year.

Although the West now has joined the East in pushing for looser ties among the regions, Gowon evidently remains determined to impose a strong central government. He seems convinced--unrealistically--that he has the military capability to do so.

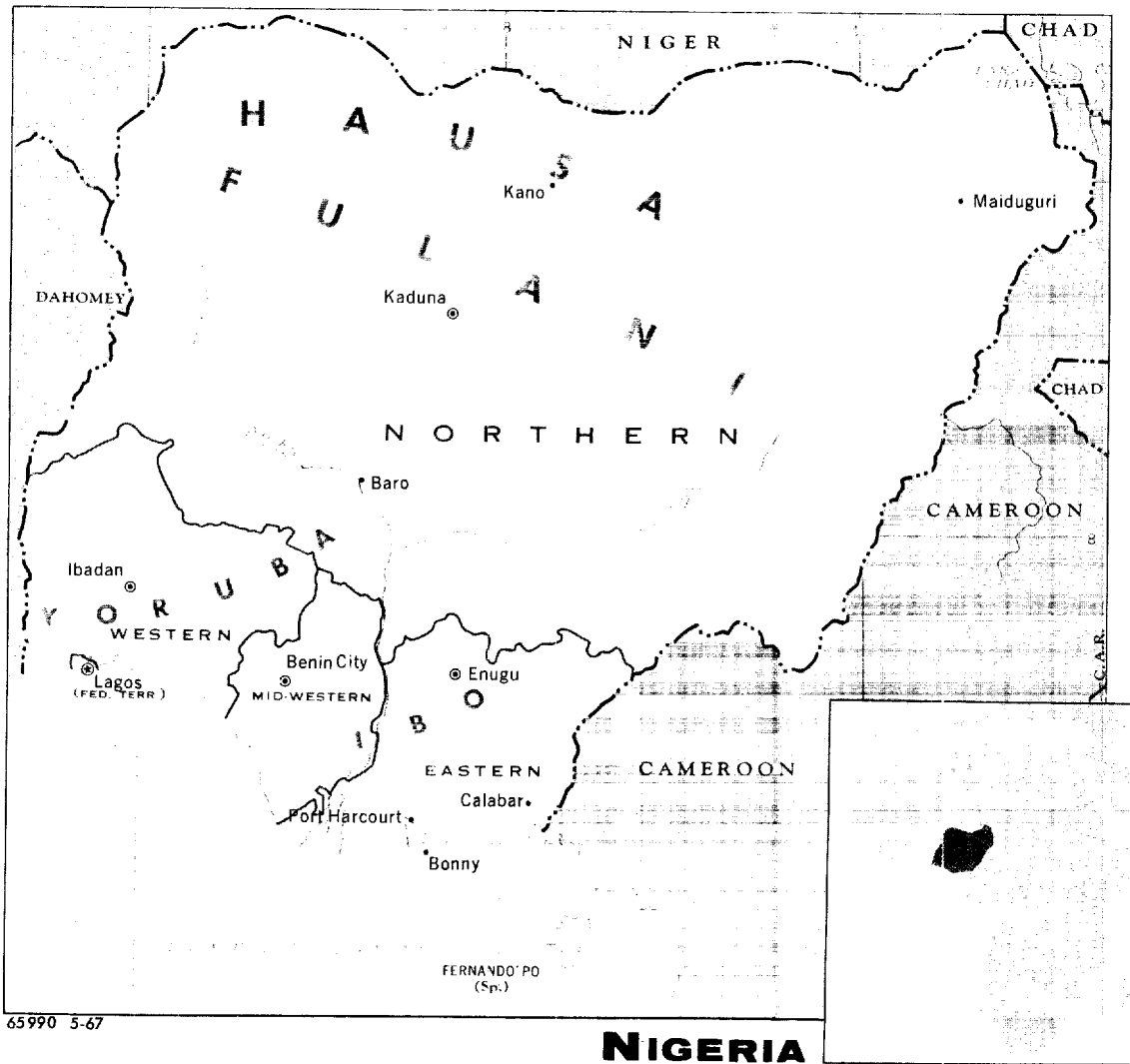
Eastern Governor Ojukwu is continuing to set the stage for a succession move. A government-sponsored mass rally in Enugu on 13 May called for a declaration of a "Republic of Biafra for the revolutionary peoples of Eastern Nigeria." The Eastern radio was instructed on the same day to start emphasizing the subject of secession. Also on 13 May, Ojukwu scheduled for 26 May a meeting of its Consultative Assembly, which reportedly will formally demand secession. Although Ojukwu still holds out a faint hope for a loose association among the regions, he told reporters on 16 May "it does appear that a split is very much on its way."

The East's unity is not complete, however. Several reports have confirmed the continuing existence of old local rivalries among its predominant Ibos. This rivalry has apparently extended into the Eastern army, and a number

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of senior officers tried to resign because of dissatisfaction over the favors reportedly being shown by Ojukwu to Ibos from his

home area. As a result, Ojukwu has reorganized his defense establishment to keep it securely under his control.

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WESTERN HEMISPHERE

Violence, guerrilla activity, and strikes continued to plague several Latin American countries this week.

The recent, unsolved murder of three members of the Dominican Revolutionary Party has added steam to that party's efforts to coalesce forces opposing President Balaguer. In Haiti, President Duvalier has reportedly had one of his Presidential Guard officers executed.

In Guatemala, Communists and rightists are squared off against each other in a fight to the death. Terrorism there has taken over 200 lives since last summer. The Communists have decided to send emissaries to Cuba and the USSR to solicit funds for the revolutionary movement.

Bolivian Communist guerrillas are still frustrating attempts to round them up. They are recruiting new members and have even made a pitch to the rightist Socialist Falange to make common cause against the government.

By capturing Cuban military personnel who landed east of Caracas, the Venezuelan Government has now bolstered the case against Castro it intends to bring to the Organization of American States and possibly before the United Nations.

Clashes between strikers and government forces in Ecuador have resulted in three deaths and many wounded. More may follow, as the labor situation has not cleared and may get worse.

Rebellious Mexican students at numerous schools are harassing the government, especially in the northern state of Sonora where they are gathering public support in an effort to oust the governor. In Brazil, the Porto Alegre police had to use force to oust students from refuge in a church. This incident may provide the spark for a new outbreak of student unrest.

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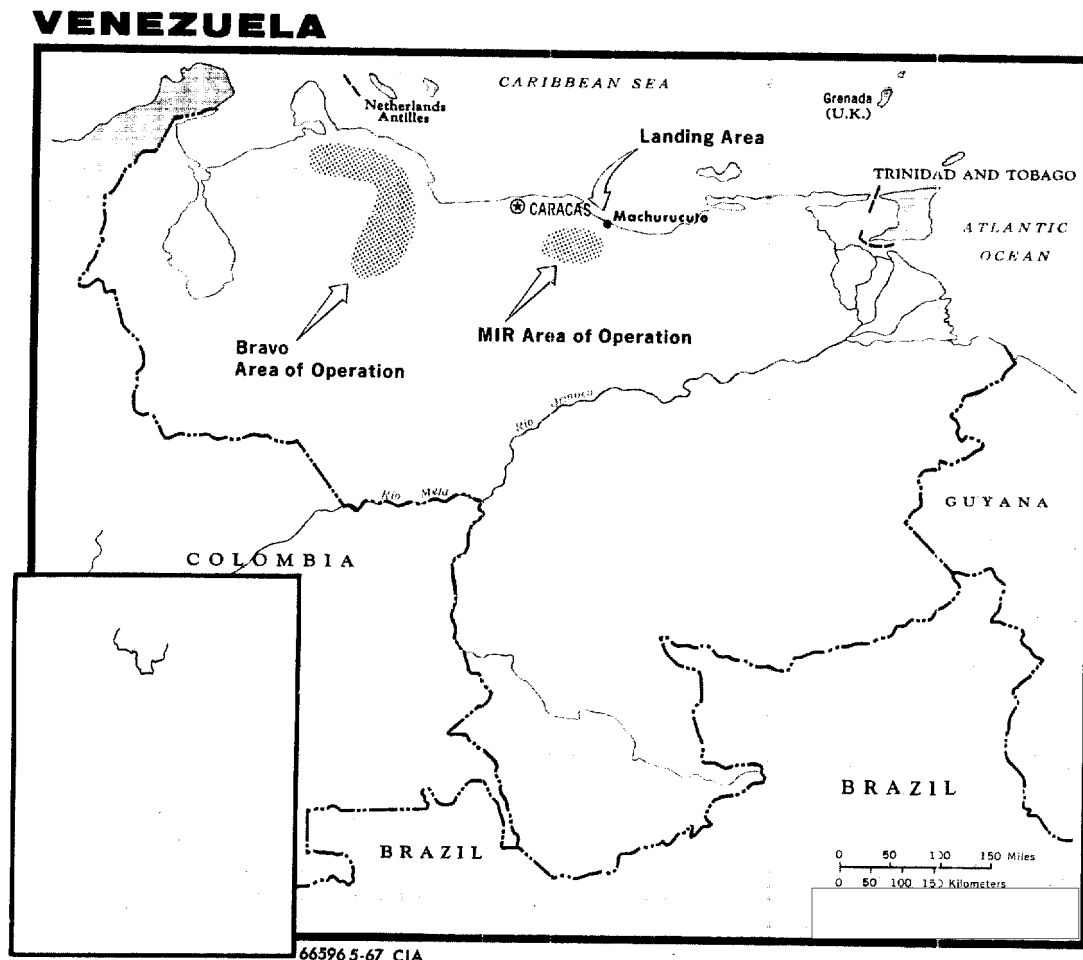
SECRET**AFTERMATH OF GUERRILLA LANDING IN VENEZUELA**

The capture of two Cuban participants in the 8 May guerrilla landing on Venezuela's coast will enable President Leoni to seek the strong action he has long wanted against Havana for meddling in the affairs of other states.

Leoni is taking the issue to the Organization of American

States, but he fears that OAS resolutions will be ineffective unless accompanied by direct action. He has suggested to the US a demarche to the Soviet Union and a boycott against shipping lines trading with Cuba.

Leoni has been contemplating an international denunciation



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since the murder of his foreign minister's brother in March, but until the capture of Cuban equipment and military personnel he lacked the proof needed to support a strong denunciation. Even now, he has little prospect of changing Cuban policies, since few sanctions can be added to the economic and diplomatic measures applied against Havana in recent years. Cuba was expelled from the OAS in 1962, all nations but Mexico had broken relations with Cuba by 1964, and trade between Cuba and the OAS countries is negligible.

Discovery of the landing will probably intensify the debate among the Venezuelan Communists over continuing the armed struggle. The orthodox Communist Party (PCV) recently announced that it was de-emphasizing guerrilla warfare in favor of legal political activity. Within the party, however, there are wide differences of opinion on how

this policy should be implemented. Some members favor abandoning armed struggle completely; others would curtail it only temporarily to permit a regrouping of forces.

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BOLIVIAN GUERRILLA SITUATION STILL ACTIVE

Army patrols are continuing their efforts to locate and engage the guerrillas in Bolivia. Sporadic clashes have occurred since the night of 8-9 May, but the encounters thus far have resulted in a standoff.

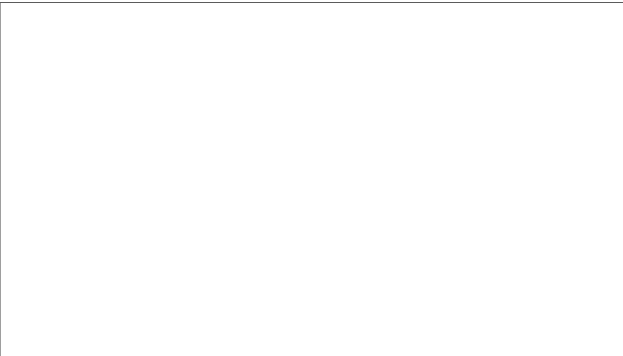
When engaged, the guerrillas quickly extricate themselves and retire to the relatively safe sanctuary of the mountainous jungle terrain nearby. Although the guerrillas are greatly outnumbered by the government forces

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in the area, the ill-trained and badly equipped raw recruits are at best able only to contain and harass the guerrilla forces. The government is not expected to be able to deal effectively with the guerrilla threat until the end of 1967, when the Second Ranger Battalion becomes combat ready.

While maintaining a military stalemate with the government forces, the guerrillas have been active on the political front.



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The weak political base of the government and the presence of armed dissident groups throughout the country have bred rumors of coup plotting by various groups. Such an increase in coup talk may reflect a change in the mood of active politicians that could lead to an actual coup attempt if the situation deteriorates further.

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STRIKES AND VIOLENCE PLAGUE ECUADOREAN GOVERNMENT

Violence and strikes continue to plague the government of Ecuador's interim President Otto Arosemena. Clashes on 11 and 12 May between government forces and demonstrators marching in support of striking railroad workers resulted in three dead and many wounded.

The disorders--at Duran, near Guayaquil--were staged mainly by extremist-led students and work-

ers who were supporting the demands of railway employees for "overdue wages" and guarantees of future nondelinquency in wages as well as social security benefits. Following the clashes demonstrators attacked the headquarters of the local police, whom they blamed for the deaths. Later the violence shifted to Guayaquil, where student-led demonstrators attacked government buildings.

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The continuing railroad strike has disrupted services between Guayaquil and Quito, and other labor groups are threatening sympathy strikes. Police and military officials fear further violence could result now that martyrs have been created. There are rumors of strikes by municipal employees, students, and mine workers.

The government's handling of this situation could be an issue in the nationwide provin-

cial and municipal elections on 11 June. Major attention will be focused on the mayoralty campaign in Guayaquil, Ecuador's leading financial and commercial center. Leading the race at present is an archpolitical foe of President Arosemena, Assad Bucaram, who may figure prominently in the maneuvering for the presidency in 1968. Bucaram has attempted to use the incidents at Duran and Guayaquil for his own political advantage.

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PANAMANIAN NEGOTIATOR CAUTIONS AGAINST HASTE IN TREATY TALKS

The head of the Panamanian negotiating team recently informed President Robles that the canal treaties will not be completed by July 1967 as he had hoped because of the complexity of issues yet to be discussed.

To ease this blow to Robles' hopes, treaty negotiator Diogenes de la Rosa pointed out that Panama stands to gain by delaying the negotiations because domestic and international pressures--especially those caused by the Vietnam conflict--will weaken the US position at the bargaining table.

De la Rosa also encouraged Robles to accept opposition leader Arnulfo Arias' recent call for a national unity candidate in next year's elections to keep the treaty issue from becoming entangled in partisan politics. The negotiator cautioned that if the treaties become a "political plaything," Panama will be faced with an extremely dangerous situation which might jeopardize the accomplishments of long months of negotiation.

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[Redacted]

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Robles
stated in recent speeches that
the two major unresolved problems

in the negotiations were Panamanian jurisdiction in the Canal Zone and financial compensation.

As a result of the talk with De la Rosa, Robles--who shifts from optimism to pessimism as he hears the views of his various advisers--is again preoccupied over the canal issue. [Redacted]

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LEFTIST OPPOSITION TO DOMINICAN PRESIDENT

The recent murder of three members of the left-of-center Dominican Revolutionary Party (PRD) by unknown assailants has given renewed impetus to PRD opposition to President Balaguer. In a 15 May pronouncement, the party offered Balaguer "one last chance" to revise what it sees as policies that tacitly encourage political violence and repression. The PRD has warned that if he fails to act, it will launch its long-threatened but vaguely defined "patriotic movement of resistance to trujilloism and dictatorship."

There does not appear to be any consensus within the PRD over the composition, tactics, or goals of such a movement. The party's latest declaration calls for an alliance of leftists and anti-Balaguer conservatives and rightists "regardless of ideology." This seems to allow for Communist

participation but to reject Communist suggestions that a "resistance movement" be composed solely of those leftists who fought on the "constitutionalist" side during the 1965 revolt.

Meanwhile, Balaguer has responded to accusations of police involvement in or laxity toward terrorism by forming a commission to examine the forces' conduct. The composition of the commission--four of its five members are top military officers--is not likely to create public confidence in its objectivity.

Establishment of the commission, however, does suggest a recognition by Balaguer that police performance leaves the government open to criticism.

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