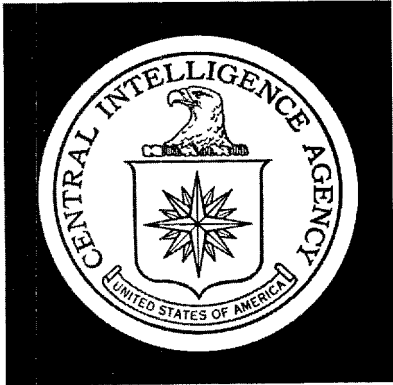


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DIRECTORATE OF  
INTELLIGENCE

# WEEKLY SUMMARY

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**53**

9 June 1967  
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(Information as of noon EDT, 8 June 1967)

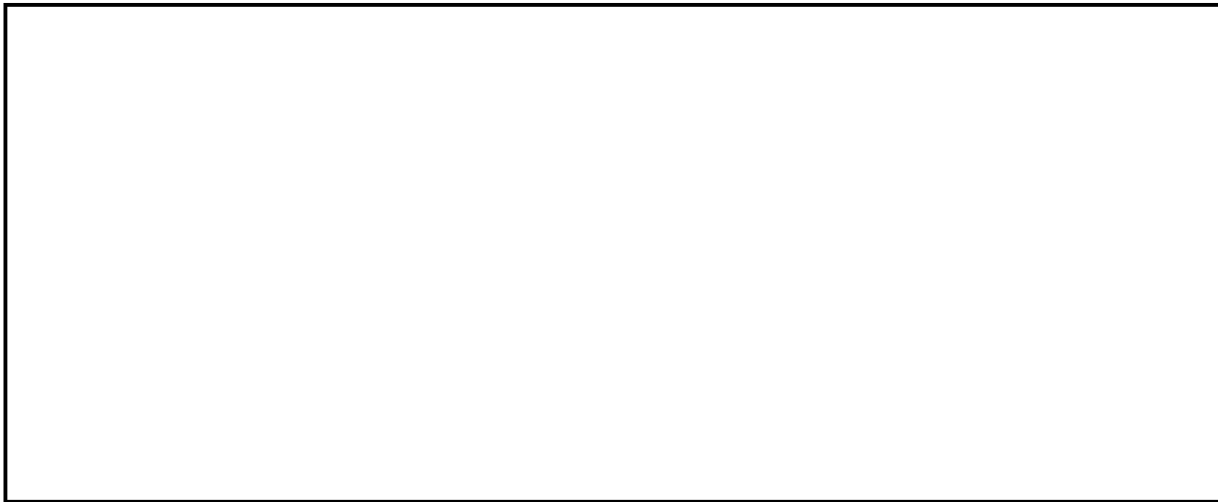
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Middle East - Africa

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- EFFECTS OF SUEZ CANAL CLOSURE 25  
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- NIGERIANS MOVING CLOSER TO MILITARY SHOWDOWN 27  
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Western Hemisphere

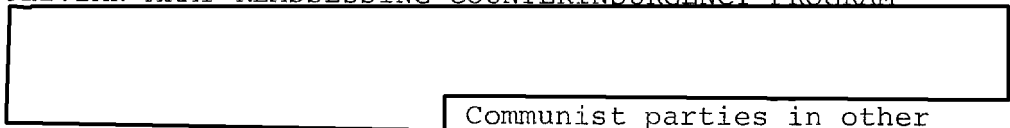
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The Council of the Organization of American States has agreed to call a Meeting of Foreign Ministers, but the OAS is not expected to take strong action against Cuba. The unexplained slowdown of guerrilla activities in Venezuela continues. The Venezuelan port workers, meanwhile, have begun their boycott of ships of nations trading with Cuba.

BOLIVIAN ARMY REASSESSING COUNTERINSURGENCY PROGRAM 31

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Communist parties in other Latin American countries seem to be taking steps to aid the Bolivian insurgents.

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FAR EAST

Spoiling operations by allied forces in South Vietnam may have disrupted or postponed Communist plans for a country-wide "summer campaign." North Vietnamese and Viet Cong propaganda, however, maintains a confident tone, claiming that Communist forces frustrated the 1966-67 allied dry-season offensive and that the Communists retain the initiative on the battlefield.

In an unprecedented move suggesting new friction between Hanoi and Peking, a North Vietnamese party journal has published an indirect attack on Mao Tse-tung. This open display of displeasure with Peking probably was intended as a warning against Chinese interference in Hanoi's domestic affairs or attempts to dictate war policy.

In Saigon, Premier Ky and Chief of State Thieu are pressing efforts to organize broad support for their presidential bids. Their rivalry was reflected in last week's National Assembly debates on election laws.

Violence and chaos in China appear to be approaching the level of last winter, and interruptions in east China rail traffic are again being reported. There are further indications of a decline in Peking's control in many areas. The regime's failure to invoke military force to restore order appears to reflect sharp division within the top leadership.

The Chinese Communists took advantage of the Middle East conflict to stage new demonstrations against the British and to charge the USSR with being the "number one accomplice" of the US in supporting Israeli "aggression."

In Thailand, the rate of armed encounters between Communist insurgents and government forces in the northeast has diminished since the record level in March. The Communists, however, continue to make modest gains in several other areas, particularly in the Thai-Malaysian border area.

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## VIETNAM

Recent allied military actions in the northern half of South Vietnam have probably disrupted Communist plans for a "summer campaign" in this area.

The second and final phase, of Operation UNION--concluded last week in the coastal flatlands of Quang Tin Province--was the latest and most successful example in recent weeks of allied counterthrusts against continuing pressure in the country's five northernmost provinces. US Marines killed some 1,500 Communist troops--many of them probably from the North Vietnamese Army (NVA) 2nd Division--and almost certainly thwarted any immediate offensive against supply lines and bases in the coastal areas between Da Nang and Chu Lai.

During scattered fighting just south of the Demilitarized Zone (DMZ), US Marines destroyed a series of elaborate enemy bunker and tunnel complexes from which Communist mortars and rockets could strike at the Marine base at Con Thien and the US 175-mm. artillery positions at Camp Carroll. Near Dong Ha, South Vietnamese Army battalions reported killing 150 troops of the 708th Viet Cong Battalion.

In the central highlands, contact with Communist forces and enemy mortar barrages against American field positions have decreased significantly in the past few weeks following intensified pressure by elements of the US 4th Infantry Division operating in western Pleiku Province. Enemy forces in this area are probably in need of reorganization and resupply. One recent captive claimed that the NVA 32nd Regiment, currently in northwestern Pleiku, suffered "heavy casualties" as the result of allied artillery and B-52 bombardments. Other units in this area may have been similarly affected.

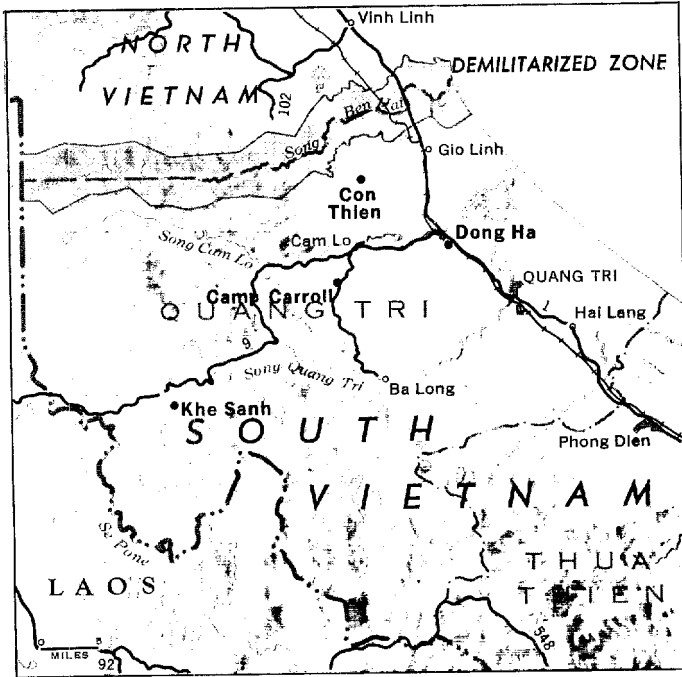
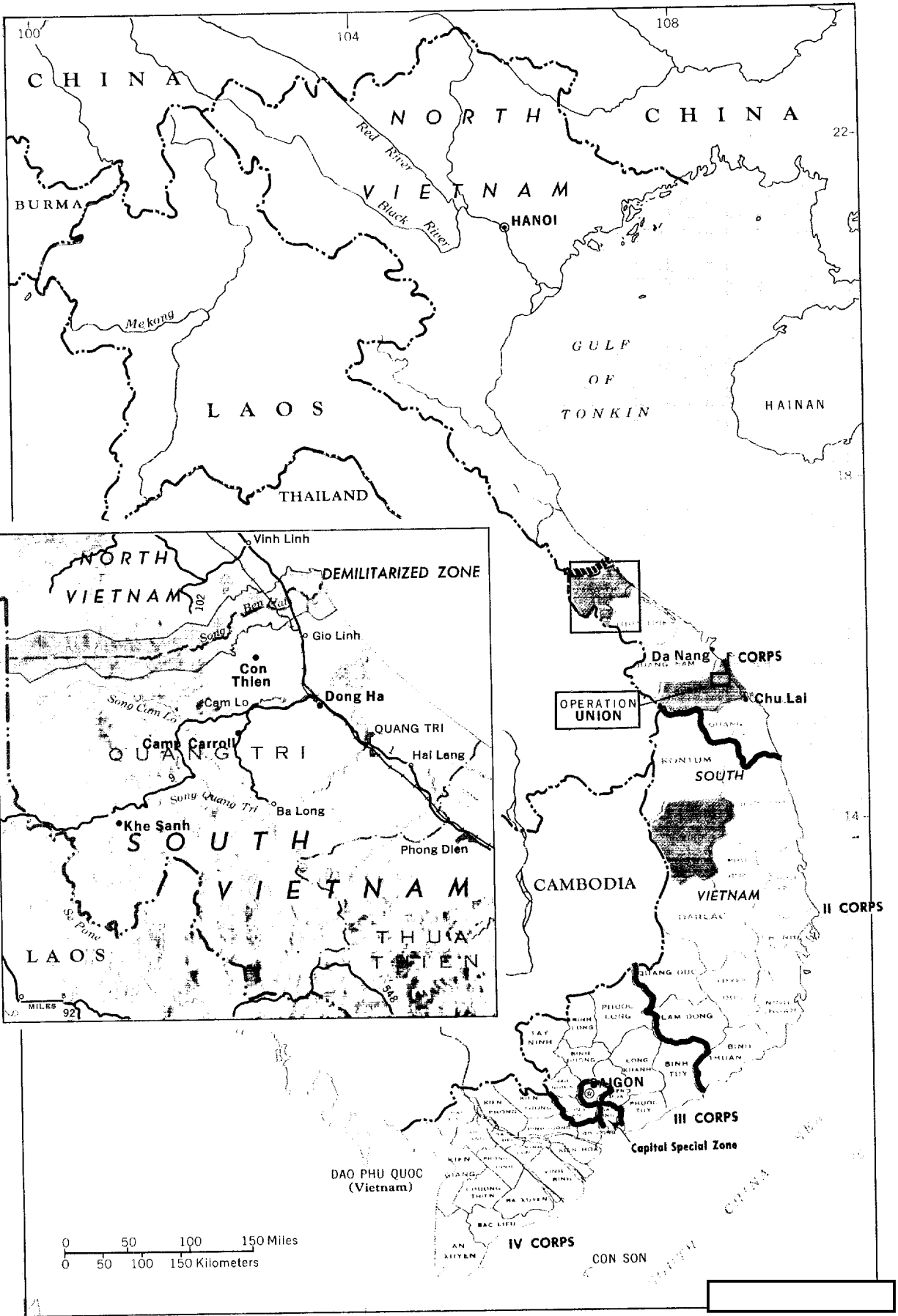
Despite this series of military reverses, the Communist main force units appear to be continuing preparations for offensive activity. A high level of enemy movement through Laos to South Vietnam persists.

NVA main force units, moreover, are reoccupying previously held positions in the DMZ south of the Ben Hai River, and several regiments of the NVA 325th Division have been noted active in the mountains of western Quang Tri Province north of Khe Sanh.

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Politics in Saigon

Both Premier Ky and Chief of State Thieu are attempting to line up support for their presidential candidacies by developing campaign organizations.

backing for Thieu. Thus far he has met with spokesmen of seven groups

The seven include elements of the Catholics, Cao Dai, Hoa Hao, VNQDD, and the old Can Lao Party of the Diem era. Thieu also intends to direct particular efforts toward winning over the four corps commanders, in the hope that they can influence the civilian populace in their areas.

Sino - North Vietnamese Relations

Hanoi has published an indirect but sharp personal attack on Mao Tse-tung in the Vietnamese Communist party theoretical journal, Hoc Tap. The article, which appeared about three weeks ago, suggests that new frictions may have developed between Peking and Hanoi.

The article, written by one of the editors of Hoc Tap on the occasion of Ho Chi Minh's birthday, makes invidious comparisons between Ho's policies and the practices of "a certain leader" who acts in accordance with his "subjective views" and ignores party councils. The article is also critical of the use of Red Guards as a weapon against the regular party apparatus and of the deification of Mao.

Although Vietnamese distaste for the excesses of the Chinese

Thieu, who still has not announced his candidacy, has designated one of his principal advisers, Nguyen Van Huong, as his contact with leaders of various political factions. Huong, a former Dai Viet Party member, has begun meeting with representatives of these factions to assess

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Cultural Revolution has been apparent for some time, Hanoi has never made such an open display of its disapproval. The nature of the trouble is not clear, but it is possible that the Vietnamese have been severely provoked by some recent Chinese action--perhaps Chinese meddling in Hanoi's domestic affairs or attempts to dictate the course of the Vietnamese war or peace efforts. Hanoi, for example, is continuing to offer to talk with the US in exchange for a bombing cessa-

tion, despite Chinese criticism of this policy.

It is too early to determine whether Hanoi intends to press this attack further or whether it was a one-shot affair. No other attacks of this nature have been detected in the Vietnamese press. Peking has thus far taken no notice of the article in public and may have decided to overlook it. Furthermore, there are no signs that Chinese support for the Vietnamese war effort has been interrupted. [REDACTED]

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## DISORDER SPREADS IN COMMUNIST CHINA 25X1

Mob violence is increasing in the provinces and has disrupted service on at least one major rail line. The military establishment as a whole appears to be standing on the sidelines. The reasons for this are unclear, but it could reflect divisions among top leaders which are blocking a decision to put an end to the trouble by force.

Although most Red Guard poster reports of violence appear to be exaggerated, and circulated for the political purpose of discrediting local leaders [REDACTED]

[REDACTED] disorder and political tension are widespread. These sources reveal

[REDACTED] important transport services have broken down in the past month and that the local administrative apparatus is virtually paralyzed in some areas.

Major trouble is evident at Hsu-chou astride the rail line linking Shanghai and Peking. Posters reported that on 31 May and 1 June rioters, instigated by local troops, injured 1,000 people, blew up 21 rail locomotives, and jailed 400 Red Guards.

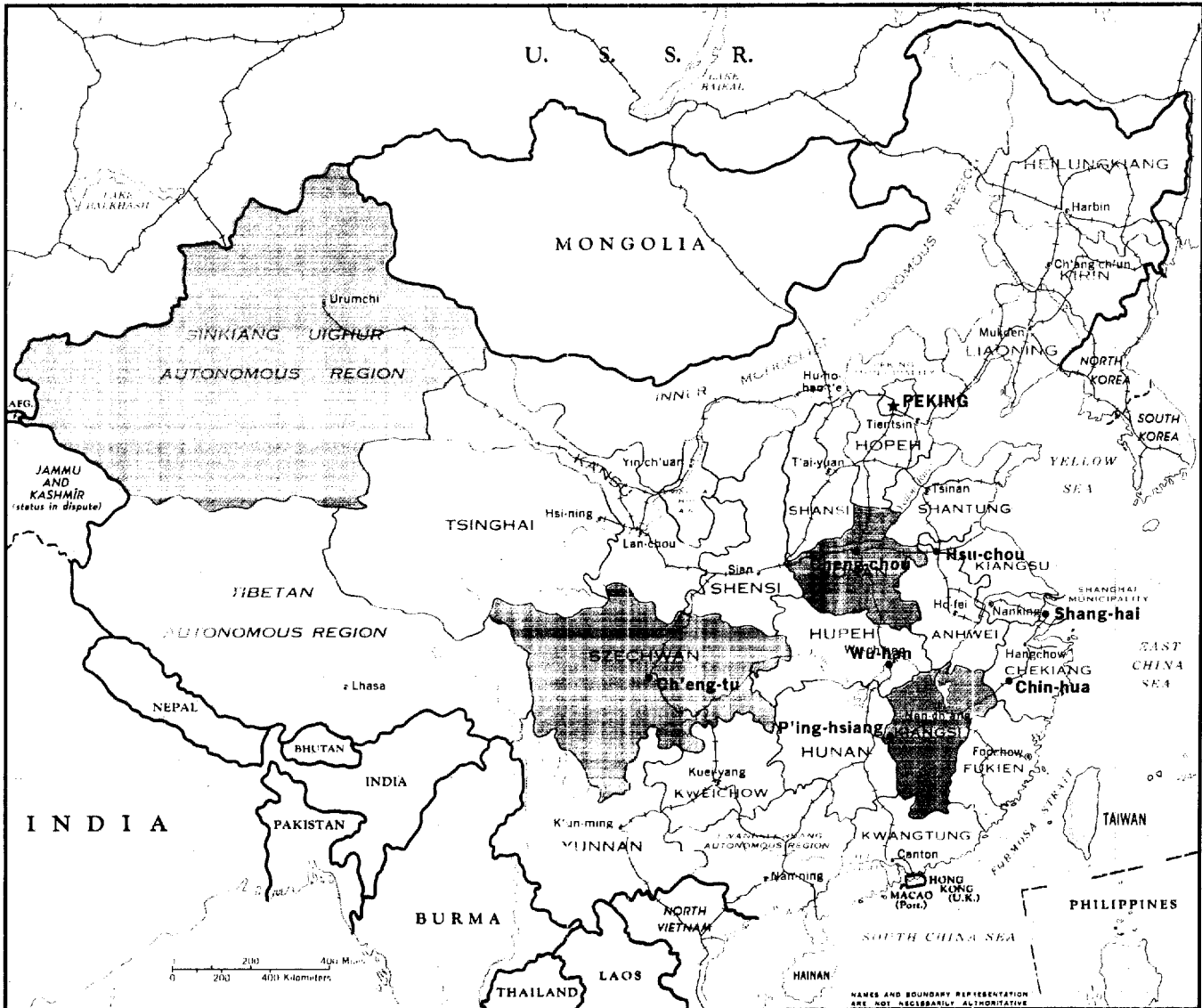
According to other posters, regular troops based at Chin-hua, 200 miles southwest of Shanghai,

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attacked railway workers there on 28 May and beat up soldiers from three local military schools sent out to rescue the workers. 25X1

At Ping-hsiang, major rail center in Kiangsi Province to the west, posters report that public security officials brutally suppressed Red Guards during clashes from 27 to 31 May.

Peking itself continues to be the scene of sporadic battles between revolutionary groups. On 30 May, Red Guards from such powerful schools as Peking Aviation Institute and Peking University reportedly ignored an army security guard and invaded the offices of the State Planning Commission, beating several commission "revolutionaries."

[Redacted]

South of Peking, in Cheng-chou, Honan--reportedly the scene of almost daily clashes during the past two months--posters report that troops from the Honan Military District (HMD) instigated a clash with Red Guards on 26 May that left more than 1,000 of them injured. On 30 May, the HMD used

troops from a military school to beat up an army investigation team sent to its headquarters; most of the team members are reported missing. Still farther south in the major Yangtze River port of Wu-ha [Redacted]

[Redacted] the transportation system has been disrupted, and say that the local administration is virtually paralyzed. 25X1

[Redacted]

. Chaos and disorder have continued in Szechwan, where a central committee directive issued on 7 May ordered that the party and military leadership of the province be reorganized [Redacted]

[Redacted]

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In Sinkiang, posters call for the overthrow of provincial military and party head Wang En-mao, who has been under attack by militant Red Guards for suppressing their activities last year. Most recently Wang is charged with aiding conservative forces in breaking up Red Guard rallies in the provincial capital on 25 and 26 May. [Redacted]

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## CHINA'S CASH HOLDINGS HIGH

An improved foreign exchange position and increasing export surpluses are permitting China to place its first cash purchases of wheat.

A recent contract with Australia for 1.5 million tons of wheat for delivery in the second half of 1967 specifies at Peking's request an option to pay the \$100-million price in cash. Wheat contracts normally call for China to pay 10 percent down and the balance 18 months after delivery.

China has always been reluctant to take on heavy debt obligations and has liquidated its debts as quickly as possible. It has earned one of the best credit reputations in the world. These new payments will serve to strengthen that reputation despite Peking's domestic and international political problems. China's foreign exchange reserve grew about \$50 million in 1966 to a maximum of \$550 million, and Peking probably expects further improvement this year. Its export surplus with the free world last year totaled some \$15 million against a import surplus of \$90 million in 1965.

Fragmentary trade returns for early 1967 from seven of

China's major trading partners--including Japan, West Germany, France, and the UK--suggest that exports have continued to grow more rapidly than imports. Machinery and equipment imports in 1967, however, can be expected to increase as deliveries continue on whole industrial plants purchased from the free world in 1965. Trade agreements concluded in late 1966 and early 1967 do not indicate substantial changes in China's over-all trade this year, and contracts concluded at this spring's Canton fair remained at the levels of previous spring fairs.

China's financial outlook may not continue to be this favorable, however. The weight of repayments on Western credits for plants bought in 1965 is increasing and remittances of hard currency from Overseas Chinese dropped off some 20 percent in 1966. Moreover, propaganda attacks on Hong Kong, China's largest source of foreign exchange earnings--about \$550 million in 1966--may shake business confidence in the colony and cause a downturn in Peking's earnings. In addition, if the Cultural Revolution continues at its present pace, the resulting decline in productive activity will gradually impair Chinese export capabilities.

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## HONG KONG GOVERNMENT SUPPRESSES COMMUNIST-LED UNREST

British authorities in Hong Kong are increasing pressure on Communist labor agitators in an effort to quell sporadic strikes, and the month-old agitation appears to have lost much of its momentum.

Although the Communists continued to call one-day strikes in some government-run industries last week, only about a third of the workers left the job

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The government's stringent new measures against strike leaders--suspension from their jobs

and disciplinary action--probably will have a salutary effect on other workers. The government has outlawed the display of inflammatory posters and used police to remove them from public transportation vehicles.

Peking is continuing its propaganda attacks on the British, but at a greatly reduced level. The relative vagueness of the Chinese statements suggests that Peking is not prepared to take any significant action against the colony at this time. The Chinese Communists will probably continue their propaganda support for leftists in Hong Kong, however, in an effort to keep the issue alive.

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## INSURGENTS STILL ACTIVE IN THAILAND

Armed clashes between Communist insurgents and government forces in northeast Thailand have slackened somewhat since March's near record level but the insurgent movement still appears to be making modest gains in several other areas of Thailand.

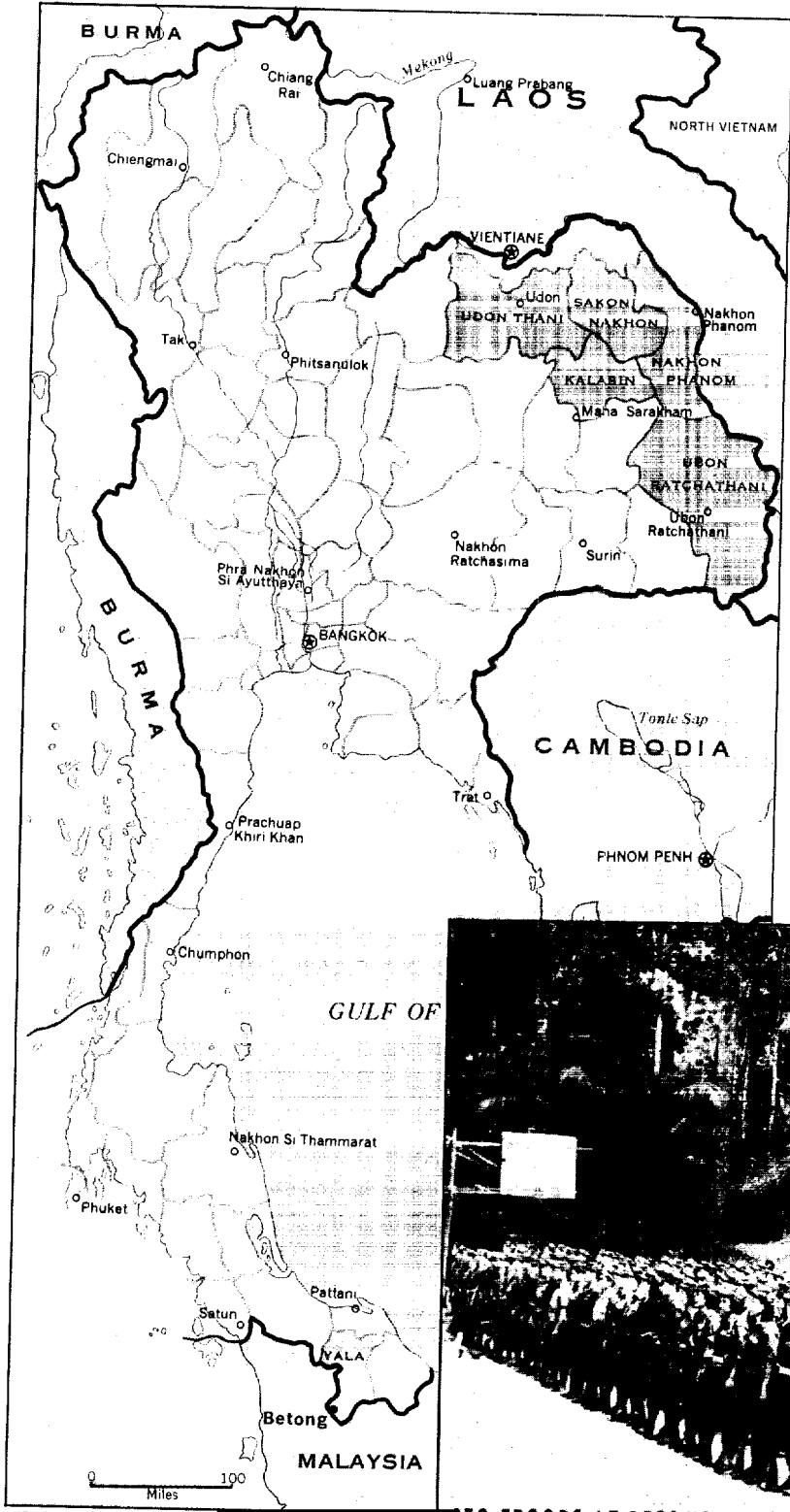
Communist-initiated armed encounters in April were less than half of the one-per-day average

maintained in the northeast during March. The number of government-initiated encounters was also down sharply, suggesting that the overall decline in fighting may have resulted partly from less aggressive government patrolling. The insurgents, however, maintained a high level of armed propaganda meetings and assassinations of government informants and officials.

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# THAILAND



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The insurgents evidently are spreading their activities into previously unaffected areas in the northeast. They staged their first armed propaganda meeting in Ubon Ratchathani Province in April and greatly expanded propaganda and terrorism in Kalasin and Udon Thani (Udon) provinces. The Communists probably are trying to counter a six-month-old government security program by moving some assets into peripheral areas. At the same time, in their strongholds in Nakhon Phanom and Sakon Nakhon provinces, the insurgents have maintained pressure against Bangkok's effort to build an effective local defense force.

Two recent skirmishes between security elements and Meo tribesmen in the north are further evidence of increased Communist activity in the isolated mountainous area along the Laotian border. The skirmishes follow reports that some Meo villages have been brought under Communist control by trained party workers returning from North Vietnam. The

Communists have capitalized on long-standing animosity between the tribal people and Thai authorities, although their influence in the area is still limited.

In southern Thailand, there is mounting evidence that the strength of the Communist Terrorist Organization (CTO)--Malayan Communist guerrillas driven into Thailand during the Malayan emergency--has been growing

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## EUROPE

The focus of attention in both Eastern and Western Europe remains fixed on the Arab-Israeli war.

The Soviets have been exerting strong pressure on the Arabs to bring about a cease-fire in order to prevent further deterioration in the situation which might lead to a military confrontation with the West. As a result, Moscow's relations with Egypt and Syria have been severely damaged. Soviet propaganda has consistently supported the Arabs, although not their charges that US and British planes aided Israel.

Moscow has in the past few days provided token materiel to Egypt, but it has made no military gestures of support comparable to those it made in 1956. The Soviet naval presence in the Mediterranean is slightly above normal.

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No Soviet ship has come closer than 200 miles from the area of hostilities.

Except for Rumania, the East European countries too have given major propaganda support to the Arabs, condemning "Israeli aggression" and blaming the crisis on the "US and other imperialist" powers. Like the USSR, however, they have stopped short of supporting Arab accusations of US and British involvement.

Popular sympathy in Western Europe has been strongly pro-Israeli, although the governments have cautiously avoided taking sides formally. Most have shown a marked preference for handling the crisis through the UN. France, however, has put primary stress on the responsibility of the big powers, presumably looking ahead to a possible four-power conference in which it would insist on a major role.

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## WESTERN EUROPEAN REACTION TO THE MID-EAST CRISIS

Popular feeling in Western Europe during the Arab-Israeli crisis has been strongly sympathetic with Israel. The governments, nonetheless, mindful of the dangers of doing so, are trying to avoid formally taking sides. Official positions supported, first, the avoidance of hostilities, and then their early termination. Most countries have shown a marked preference for handling the crisis within the UN, although France predictably has put primary stress on the responsibility of the big powers.

Typical of the skittish attitude of the Western European governments was the lack of enthusiasm for the proposed Maritime Declaration upholding freedom of navigation in the Gulf of Aqaba. Objections were made that it would undermine the UN, and there was also fear that signatories would later be obliged to take implementing action. The Dutch were the strongest supporters of the Declaration and were also willing to participate in escort force planning.

De Gaulle has refused to be moved by repeated demonstrations of French popular support for Israel and has adopted the most determinedly neutral position in Europe. One of his major considerations is to retain France's stock with the Arab states and the USSR. He is intent on playing a major role in a possible Four-Power Conference on the Middle

East, and on establishing a basis for greater influence in the Arab world subsequently.

Bonn, although endorsing freedom of navigation as a legal principle, proclaimed a policy of strict neutrality when the fighting erupted. It is always concerned that its stand on Middle East problems may induce the Arab states to recognize East Germany. At the same time, the pro-Israeli German press has criticized the US for "weak policies" in the Middle East, which encouraged the USSR to try to augment its role there.

The British, because of their economic problems (see next article) have probably been more concerned than other Europeans about the effect of a cutoff of Middle East oil. London, consequently, has threaded its way carefully through the crisis. It was one of the sponsors of the Maritime Declaration, but it did not want to undertake any test of the Strait of Tiran blockade unless a fair number of other countries participated. After the outbreak of hostilities, Foreign Secretary Brown told the House of Commons that the British concern was not to take sides, but to ensure the return of peace. Egyptian closure of the Suez Canal, however, roused the wrath of Prime Minister Wilson, who denounced Cairo for this action and said the UK would not put up with threats to cut off oil supplies.

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Sentiment is growing within the British Government and elsewhere in Europe to use the current situation to try to obtain an over-all solution of the Palestine problem. In his speech to the French Assembly on 7 June, Foreign

Minister Couve de Murville called for a "complete program" of international cooperation to settle finally the problems growing out of the creation of the state of Israel. [REDACTED]

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### EFFECTS OF ARAB OIL CUTOFF IN WESTERN EUROPE

The countries of Western Europe, which get about 70 percent of their oil from the Arab world, have the most to lose from any prolonged cutoff of that source of supply. Except for the UK, however, none of these countries is in any immediate danger of an economic crisis resulting from the Arabs' threats to deny oil to those they charge are supporting Israel in the present hostilities.

There has been no concerted move in this direction by the Middle East oil-producing countries, but they are denying oil to selected consumers--primarily the US and Britain. Only Iraq has closed down its oil operations altogether. Iran is not participating in any embargo against US or West European consumers, but exports from its Abadan refinery have been halted by the refusal of Iraqi pilots to take tankers

through Iraqi territorial waters to the port of Abadan.

The pinch in Arab oil supplies so far is thus no more than an inconvenience. A further cut-back could be more aggravating to the West Europeans. Their current stockpiles, however, coupled with mild rationing and increased imports from non-Arab sources would permit them to forgo supplies from Arab producers for six months with no major economic damage.

The UK is the most vulnerable consumer. The need to find a substitute for Arab oil could adversely affect the British balance of payments, require London to implement more stringent deflationary policies, and seek new financial assistance from the United States. [REDACTED]

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## SOVIETS DISPLAY SPACE WORKHORSE AT PARIS

Observation of the USSR's basic space launch system--the SS-6 ICBM with an upper stage--at the Paris air show provided new information on Soviet space hardware and handling techniques, but did not change current assessments of the booster's capabilities.

The SS-6 can orbit about 10,000 pounds using the Lunik upper stage and 15,000 pounds with the Venik. The Lunik-equipped version being displayed at Paris--designated SL-3--was originally used in the Soviet lunar program from 1958 to 1960. Since then, it has been used for low-resolution reconnaissance missions and weather satellites as well as the six flights of the one-man Vostok capsule also on display. The version equipped with the more powerful Venik stage--the SL-4--has been used for high resolution reconnaissance and the Voskhod and Soyuz manned programs.

Photography of the rocket confirms that the SS-6 consists of four boosters around a central sustainer core. All five are fired at launch, and the boosters are dropped after their propellant is exhausted. The sustainer continues burning until its propellant is depleted, at which point the upper stage fires to boost the payload into orbit.

The SL-3 launch system appears to be heavier and to have more thrust than previously estimated, but these two factors balance out and do not affect estimates of the booster's weight-lifting capability. The configuration of the various components of the launch system is unusual by US standards but, as a whole, is a sound design. Each section of the booster/sustainer combination has four small nozzles fed by a single pump rather than one large nozzle. This design was probably conceived in the late 1940s, and reflects the Soviet propensity to exploit existing technology to the fullest extent before going to more advanced designs.

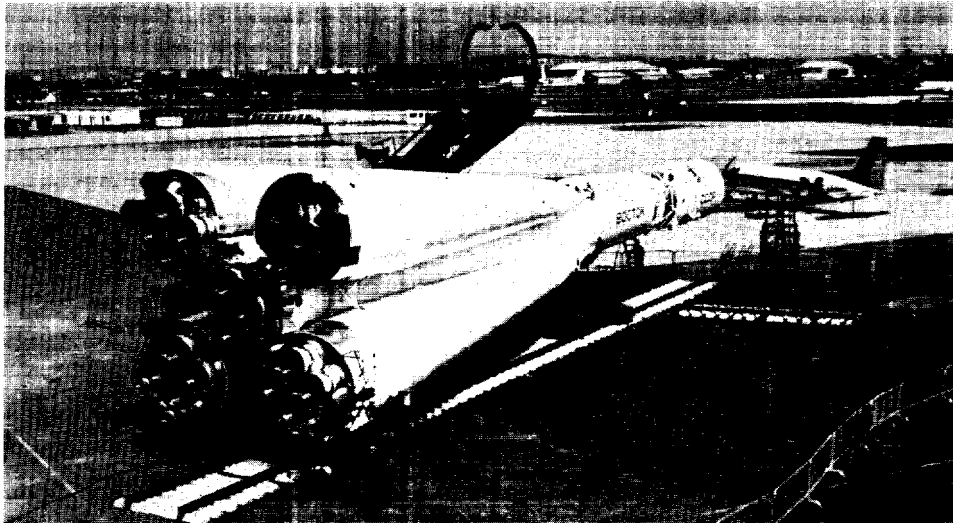
Observation of the unloading, transport, and assembly of the SL-3 showed that it is ruggedly built and easy to handle. It also confirmed previous evidence that the booster and payload are assembled in a horizontal position before being moved to the launch pad. This technique enhances the flexibility of Soviet space operations by permitting quick substitution of backup vehicles and increasing the rate of launchings that can be undertaken from the available launch facilities.

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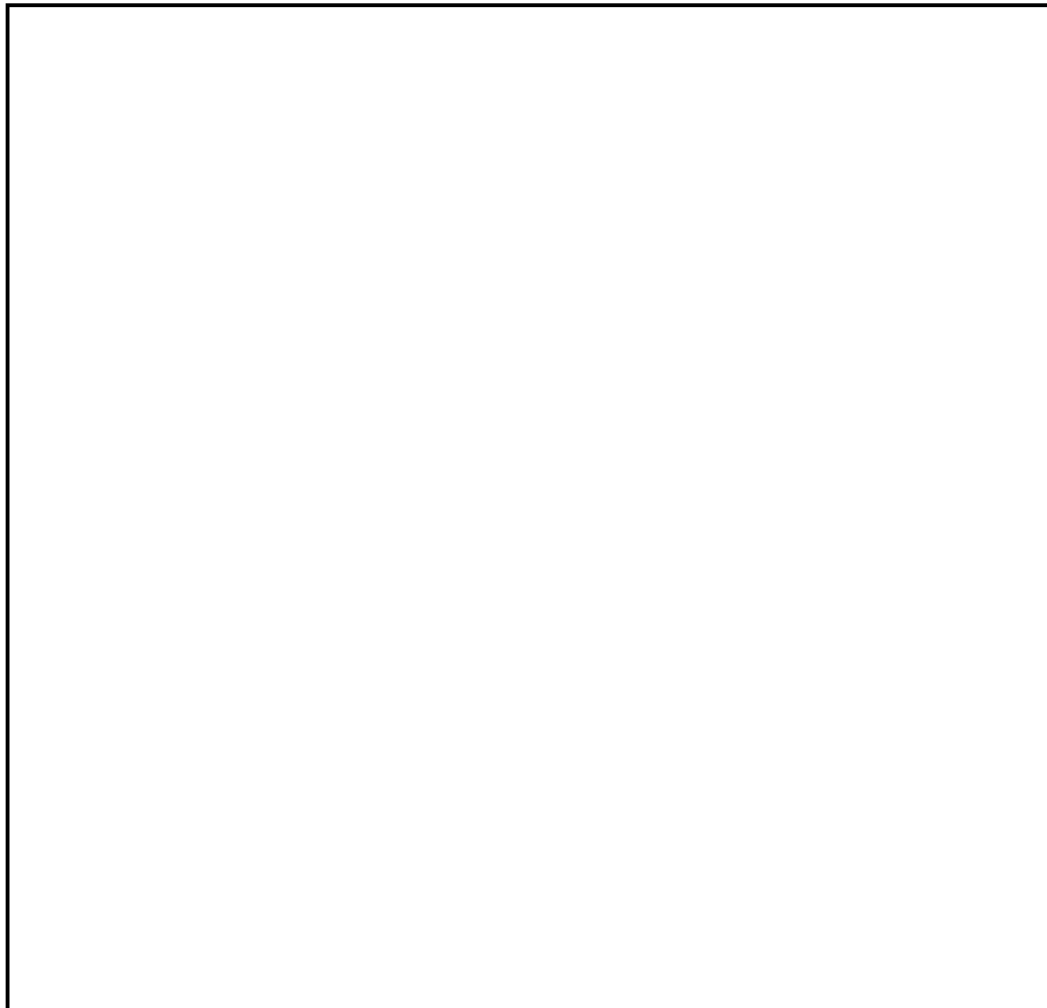
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### SOVIET SPACE BOOSTER SYSTEM DISPLAYED AT PARIS AIR SHOW



**SL-3 LAUNCH SYSTEM**  
(SS-6 ICBM with Lunik upper stage; Vostok capsule attached)



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MIDDLE EAST - AFRICA

Israel's blitz of the Arabs has raised a host of new problems throughout the Middle East.

It seems certain that US--and to a lesser extent British and West European--diplomatic and economic interests in much of the Arab world have been seriously damaged. Seven Arab countries to date have broken relations with the US, and Arab mobs throughout the area have descended on assorted American and British installations.

While Nasir's prestige rose meteorically in the euphoric Arab/Moslem solidarity just before the shooting began, his regime itself will be shaken.

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[Redacted]

Problems and reactions varied throughout the area [Redacted]"

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Somalia's moderate President Aden, facing a 10 June presidential election, took a strong stand in support of his "Arab brothers." In India, the government's diplomatic support for the UAR drew a rash of critical editorials and opposition statements, all denouncing the "abandonment" of India's traditional "nonalignment."

On the fringes of the action, local self-interests began to surface [Redacted]

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The Iraqis were fearful that the rebellious Kurds would use the opportunity to renew hostilities. And though Pakistan was still officially--if distantly--on the side of its Moslem coreligionists, President Ayub warned his countrymen against becoming emotionally involved in the dispute.

In Nigeria both the federal government and the breakaway Eastern regime are pushing preparations for what seems an inevitable, although not necessarily an imminent, military showdown. In Sierra Leone pressures are building up against the erratic leader of the military junta that took over last March. [Redacted]

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## THE WAR IN THE NEAR EAST

The Israeli campaign, which opened on 5 June with a massive attack on the air facilities of neighboring Arab states except Lebanon, appears to be moving on--if not ahead of--schedule. As of 8 June, Israeli forces in unknown strength had reached the Suez Canal, cutting off a substantial Egyptian force in the Sinai Peninsula, and had taken over the Sinai side of the Strait of Tiran following the withdrawal of the Egyptian force there. In Jordan, the Israelis had taken most of the ground west of the Jordan River, rendering the West Bank area untenable and destroying Jordan's military forces in the process. On the Syrian front, an Israeli operation to seize the high ground east of Lake Tiberias seemed to be opening.

The Israelis thus in four days had gained a significant military hold not only on the area of the immediate cause of the crisis--the Strait of Tiran--but also on objectives of longer standing. These include substantial improvement in Israel's strategic geography, particularly the broadening of the narrow coastal strip that enabled Jordanian artillery to shell Tel Aviv; the emotion-laden opening to Jews of the Old City of Jerusalem; the elimination of the constant threat of sniping and terrorism from Syria; and, if the trick can be turned, the overthrow of Nasir amid Egypt's military debacle.

Nasir's Position

The overthrow of Nasir, Israel's bete noire, still appears the most difficult achievement. The Cairo regime initially concealed the extent of its military defeat in the air and in Sinai--indeed, the Egyptian leaders probably are still unable to credit the Israelis with the magnitude of the air operations and believe their own propaganda that the US and UK flew air cover and provided replacement aircraft. Following this propaganda line, the Egyptians now are recalling the Suez War of 1956 and insisting that their defeat is a result of overwhelming Western intervention. The break in relations with Washington is a move to support this line.

It remains to be seen whether Nasir's continued posing as the anti-Western paladin, plus his efforts to rally other Arab leaders around him to share the burden of disaster, will enable him to pull through domestically. The atmosphere in Cairo is reported to be fairly grim, and the Egyptian radio has begun to emphasize "loyalty to Nasir" themes

It is questionable, moreover, whether any replacement could take a significantly different political line than Nasir has, given the degree to which popular feelings against the US and UK have been aroused.

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Impacts on Other Arab Regimes

The Israelis may well have lowered the curtain on the one Arab leader whom, before hostilities, they wished to see stay in place--King Husayn of Jordan. With West Jordan lost, with a stream of refugees fleeing across the river toward his capital, and with his army--the real mainstay of his government--shattered Husayn's position is difficult if not desperate. He also bears the onus of having been the first Arab chief of state to ask for a truce from the Israelis, even though an Egyptian officer was in command of Jordan's forces. If the King goes amid the chaos, some military officer presumably would attempt to restore order, but there is no good indication at the moment as to who this might be.

The Syrian regime, threatened by repeated domestic tremors even before the war, is in an almost equally dangerous situation. If the Israelis strike at Syria in force, the regime could easily go under; there is already some suggestion that the north Syrian city of Aleppo, traditionally disaffected from Damascus, may be out of control.

Iraq, a reasonably safe distance from the fighting, went to the aid of the Jordanians but without much effect. As was the case 20 years ago, Baghdad can afford to be even more defiant in its propaganda than the Arabs closer to Israel, but the Iraqis are also anxious to preserve their oil pipelines and the resultant foreign ex-

change.

[redacted]  
The Lebanese Government is being as quiet as possible.

The euphoria that put pressure on the Muslim states of North Africa to come to Nasir's aid is dissolving, but the Algerians, having joined the Arab States and the Sudan in declaring war on Israel, are willing to stay by Nasir [redacted]

Nasir also evidently hopes that the Algerians will act for him diplomatically.

Western Interests

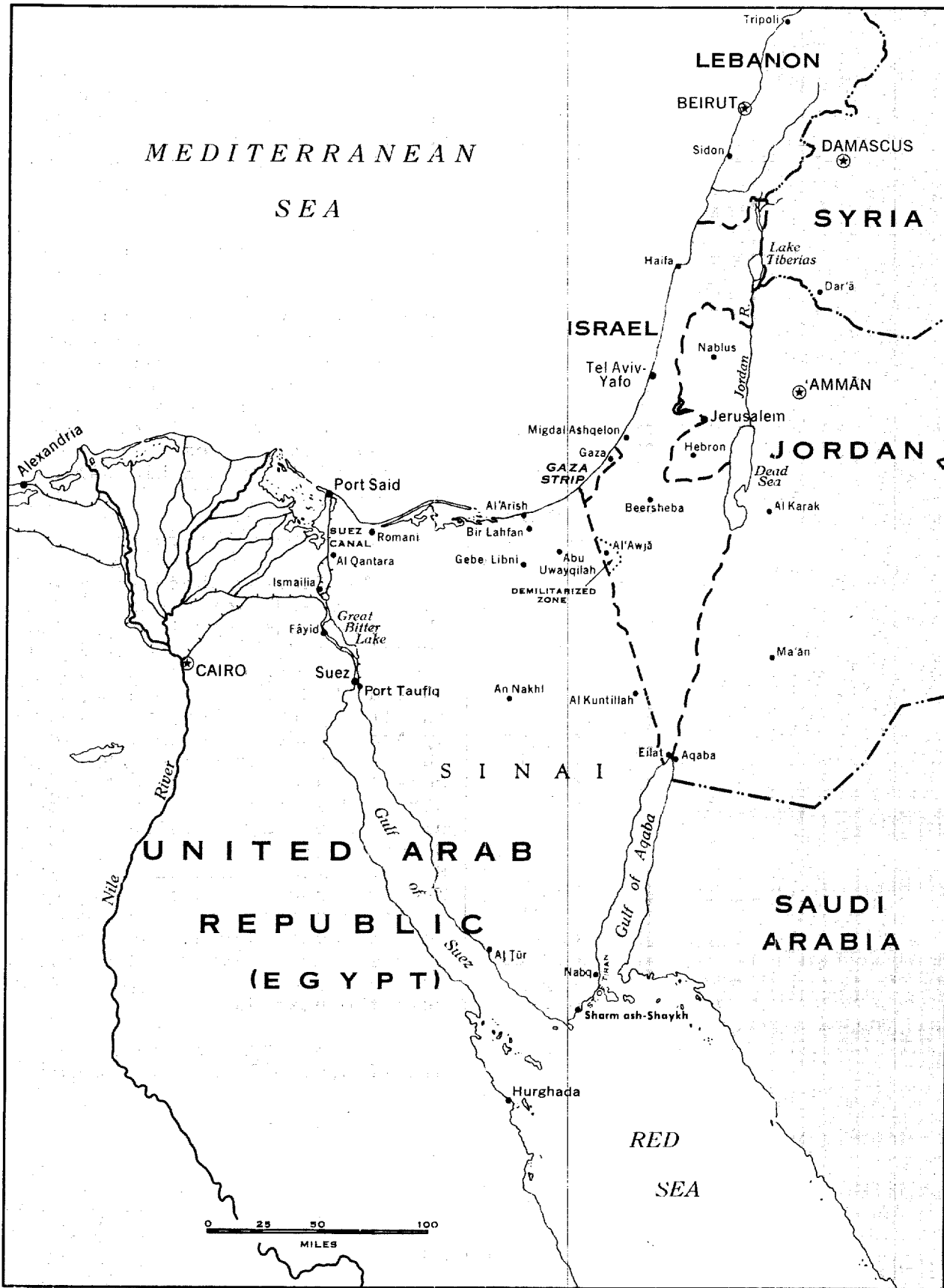
The feeling that last week swept the Arab world--that at last the Arabs might be closing in on the Israelis and their imperialist backers--found expression in attacks on US and UK diplomatic and commercial facilities throughout the area and--by Arab students--even in Bulgaria. The roster of countries where US consulates and embassies have been attacked so far includes Libya, Tunisia, Lebanon, Pakistan, Algeria, Egypt, Syria, Saudi Arabia and Sudan. A mob attack was also made on Wheelus Base in Libya. The governments of Yemen, the Sudan, and Iraq joined Egypt, Syria, and Algeria in breaking relations with the US on 6 June, and Mauretania followed suit the next day.

The governments of the most significant oil producing states

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have tried to forestall sabotage of Western-owned installations by announcing close-downs or embargoes on oil shipments to countries assisting Israel. Reports are mixed as to how effective these actions have been in practice--or in some cases, how effective they were intended to be--and a reliable assessment of over-all damage to Western oil facilities in the area has still to be made. Nonetheless, even non-Arab oil producers such as Iran, are under pressure to make gestures of solidarity. This pressure may become more insistent if Nasir decides that oil restrictions are his last important card.

#### Diplomatic Maneuvering

International diplomacy's attempts to limit the damage have centered at the UN, at least openly.

Action by the Security Council was initially delayed by the Soviet refusal to agree to a simple cease-fire resolution--put forward by the US--and by the efforts of the Arabs' supporters--led by India--to push through a resolution calling for a withdrawal of troops to prewar positions. Israel said it would accept a cease-fire, but not troop withdrawal, while the UAR was unyielding when informed that Western powers could not accept any resolution that implicitly legitimized the Egyptian blockade of the Gulf of Aqaba.

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The council then unanimously passed a simple cease-fire resolution. The next day, with the Arabs still adamant and the Israelis still moving forward, the Soviets requested an immediate meeting of the council and tabled a second cease-fire resolution, this one with a deadline of 4:00 p.m. that day.

These Soviet efforts, although a diplomatic circumvention of the Arab position, were evidently motivated by a desire to appear to have taken the lead in getting Israel to halt its "aggression." The Soviet maneuver was blunted, not only by Israel's announcements that it would accept the cease-fire if the others did but by the lack of any similar statement from the UAR. The UAR delegate insisted that the council condemn Israel as the aggressor and call for a withdrawal of troops to 4 June positions.

At the 7 June session, Canada introduced a resolution that called for the council president and the secretary general to take all means to bring about effective compliance with the two cease-fire resolutions. This effort could re-establish some sort of UN peacekeeping presence in the area, but it will again bring to the fore the question of Soviet and French policies toward the UN, inasmuch as both Moscow and Paris have sought to restrict the peacekeeping powers of the secretary general.

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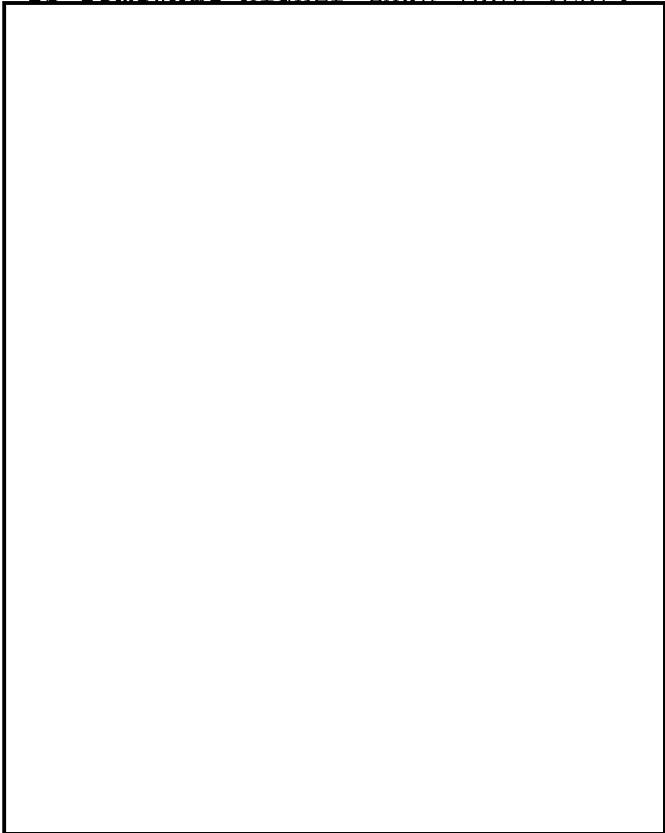
The Soviet Position

Soviet propaganda has predictably supported the Arabs, although on 7 June--for the first time--Izvestia published Israeli claims of military advances across the Sinai. Previously, the Soviet press carried only Arab accounts of "victories." Although there has been no mention of the Arab charge that US aircraft were aiding Israel, Izvestia did report the Arab charge that British planes were doing so, although it also quoted a British denial.

In the face of Arab disgust with Soviet support for a cease-fire resolution, Moscow now must turn to buttressing its position in the Middle East. The Soviet threat to break relations with Israel marks the beginning of such an effort.

There have been no indications of Soviet military involvement in the Middle East crisis, even though the number of Soviet combatants op-

erating in the Eastern Mediterranean is somewhat higher than last year.



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## EFFECTS OF SUEZ CANAL CLOSURE

Uncertainty engendered by the political and military situation in the Middle East had already resulted in a virtual stand-down of shipping through the Suez Canal by 7 June, when it was officially closed by Egypt.

Cairo stated that this was being done to avoid blockage of the canal by a ship immobilized in transit by war damage. Israel, however, has been circumspect in its military operations against the waterway, apparently to avoid the ill will which maritime nations expressed in 1956 when Egypt denied the use of the canal for several months by deliberately sinking ships in the channel.

Any prolonged closure of the canal will be disruptive to international trade and will particularly affect oil shipments. The current world tanker market, however, is sufficiently loose to provide additional tankers necessary to move available oil around Africa.

By closing the canal, Egypt will also suffer losses. Canal

revenues total \$18 million per month, about 20 percent of Egyptian foreign exchange earnings. South African ports, already doing considerable business servicing ships which travel around Africa rather than through the canal, reportedly are preparing for increased activity.

An average of 60 ships per day--about evenly divided between movements north and south--transit the canal. About 80 percent of the 240 million tons of cargo passing through it annually moves north; four fifths of the northbound cargo and about one half of the ship movements are concerned with oil. Other major northbound cargoes are iron ore from India and wheat from Australia.

Southbound cargoes include US wheat shipments for India which, if diverted around Africa, would add about \$1 million per month to India's grain bill. Other cargoes moving south through the canal are fertilizer for India and Communist China, Soviet oil shipments to the Far East, and Soviet deliveries supporting North Vietnam

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## GREEK MILITARY REGIME CONCENTRATING ON REFORMS

Greece has been quiet in recent weeks as the military regime devoted its primary effort to reforming the country's institutions.

A distinguished panel of jurists and lawyers was appointed in late May to review the constitution. The review will take six months, and is to be followed by a constitutional referendum, but this will probably not be held until much later. The coup leaders have made it clear they do not intend to relinquish power until the "revolution completes its tasks." According to Prime Minister Kollias, however, the fundamental articles of the constitution will not be touched and the form of government will continue as a crowned parliamentary democracy.

Political activity remains at a standstill. The regime recently arrested a number of non-Communist former deputies as part of its continuing efforts to discredit all political elements. Most of those arrested were closely aligned with the imprisoned Andreas Papandreou and were accused of attempting to organize a "patriotic front" opposition movement.

Andreas himself is still imprisoned but is apparently be-

ing well treated. Interior Minister Pattakos announced that the possibility of Andreas' deportation is being considered regardless of the outcome of his trial. Pattakos also announced that by 12 June about half of the more than 6,000 Communists who were originally detained will have been released.

In addition to continuing the retirement and demotion of many key civil service officials, apparently creating chaos in many ministries, other measures have been aimed at reforming local administrations. Newly appointed mayors and governors, many of whom are retired military men, have been directed to study rural development needs in order to determine necessary investment expenditures and to further the decentralization and financial self-sufficiency of local administrations.

Despite reports of dissension among the coup leaders, there is no clear indication of any effect on the regime.

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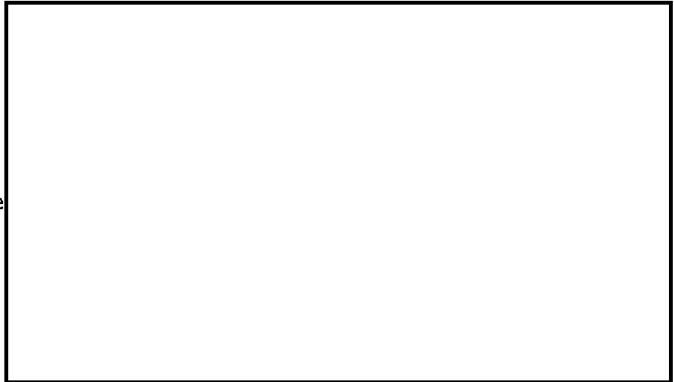


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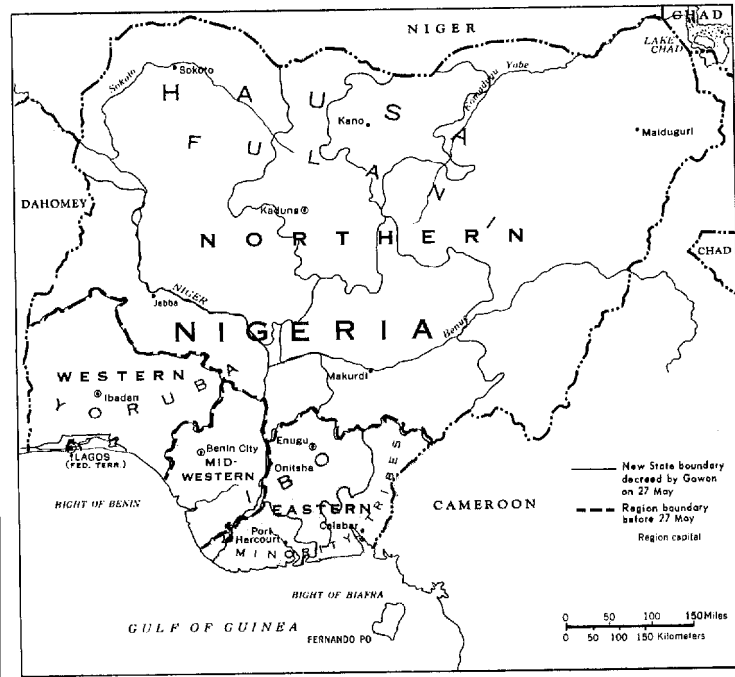
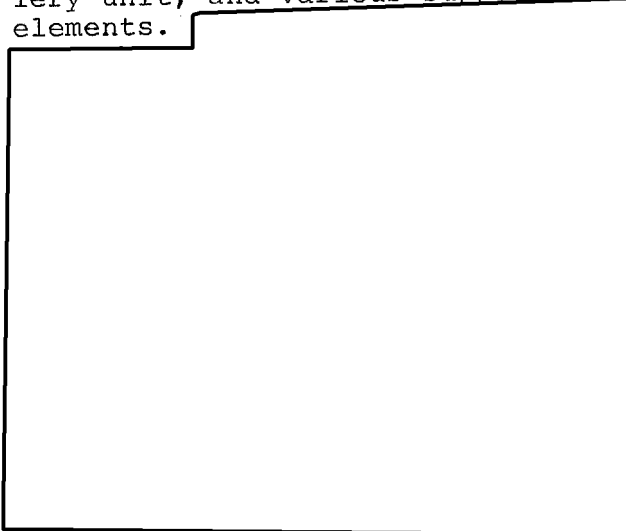
NIGERIANS MOVING CLOSER TO MILITARY SHOWDOWN

Both Nigeria's federal government and the breakaway Eastern Region, which since 30 May has called itself the "Republic of Biafra," are gearing up for an early military test. Although the timing of such a confrontation cannot be predicted, federal leader Gowon now appears too committed to break away.



Gowon's mobilization order is resulting in the rather rapid addition of some 3,000 or more army veterans to the approximately 9,000 troops already under federal command. At the same time, the build-up of federal forces continues in the area immediately north of the Eastern Region. It now includes all of two battalions and most of a third with the balance on the way, as well as a reconnaissance squadron, an artillery unit, and various support elements.

The Easterners, beginning with military governor Ojukwu, evidently expect an attack at any time. After months of intensive military preparations, they seem confident they can defend themselves successfully, particularly



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in view of the federal army's logistical deficiencies and the impending heavy rains. They might even try to carry out sabotage or other operations in the North.

As the two sides move closer to a military test, Gowon has succeeded in improving his frail regime's political position, at least for the moment. His decree of 27 May establishing 12 new states, which triggered the East's secession, also firmed up the Northern support on which he basically depends. Last week he secured the participation of important civilians from the West and the Mid-West, as well as from the North, in a revised Federal Executive Council that is supposed to run the government.

Included among the 12 new civilian councilmen--one for each state--is the leader of the restive Yorubas of Western Nigeria, Chief Awolowo. Prior to Ojukwu's secession announcement, Awolowo had threatened to pull the West out of the Nigerian federation if the East left. With Northern troops still in place in the West, the ambitious Awolowo now has evidently decided that his and Yoruba interests would be best served at this time by what he probably views as a short-term tactical alliance with Gowon. Western Military Governor Adebayo, who last month boycotted a meeting

of the Supreme Military Council as part of a Yoruba campaign to force the removal of the Northern troops, came to Lagos on 7 June for top-level talks

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Although most general cargo shippers appear for the present to be complying with Gowon's proclaimed blockade of Eastern Nigeria, this and other federal economic measures do not seem likely to force Ojukwu to capitulate. The disposition of the East's important oil exports has not yet become a critical issue. Gowon is permitting tankers, after being checked at Lagos, to proceed to the East and Ojukwu has still not moved to force payment of taxes and royalties on Eastern oil to his regime rather than to the established federal account in London. The next quarterly payments of such monies would normally be made by the oil companies in July.

The precautionary evacuation of US dependents from Eastern Nigeria and peripheral areas has been completed and a similar full-scale movement of British women and children now is under way. Although Ojukwu has cooperated fully, he clearly is unhappy over the exodus, which he characterized as "premature"

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## WESTERN HEMISPHERE

Domestic developments in most countries of the Western Hemisphere were overshadowed this week by concern and dismay over the war in the Middle East. No government in the hemisphere has formally sided with either the Arab nations or the Israelis, but pro-Israeli sentiment generally predominates. Brazil and Argentina, as current UN Security Council members, have been the most active Latin American governments in working for a cease-fire. In Venezuela, the government is taking precautions against the possible sabotage of oil installations by pro-Communist terrorists sympathetic to the Arab cause.

Meanwhile, many governments are still preoccupied over the question of what sort of international action--if any--could be effectively raised against Castro's subversive efforts in Venezuela and elsewhere. Although the OAS has decided to hold a foreign ministers' meeting as a result of Venezuela's request, no date has been set and it is not yet clear what measures are to be discussed.

Local problems that came to the fore in the hemisphere this week included such perennial ones as government confrontations with students in Bolivia, Brazil, and Ecuador; a new tiff between Guyanese Premier Forbes Burnham and his junior coalition partner Peter D'Aguiar over a cabinet appointment; and increasing tensions in Guatemala because of terrorism--in this instance, right-wing terrorism against leftists and moderates erroneously judged to be "Communists."

One new problem in the area is the take-over of the tiny British Caribbean island of Anguilla by local residents demanding more autonomy. British authorities appear to be in no hurry to help the central government on the island of St. Kitts reassert its authority until it devises a plan to restore its political credit with the Anguillans.

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## VENEZUELA VERSUS CUBA

The Council of the Organization of American States (OAS) has approved Venezuela's request for a meeting of foreign ministers to consider action against Cuban subversion in the hemisphere. At a special meeting on 5 June, the OAS Council appointed a nine-member committee to recommend a date, place, and agenda for the meeting.

OAS members voted unanimously for the meeting, but strong differences remain as to what action the OAS could or should take. Some countries, including Colombia and Bolivia, favor strong action rather than a simple condemnation. Other countries--Brazil, Chile, and Mexico--may hope that the whole matter can be swept under the rug. The Brazilian and Chilean representatives qualified their affirmative vote by stating it did not commit them to any particular course of action. The Chilean further added that the matter is of concern to the United Nations as well as the US. The Mexican representative also struck a "cautious note" in explaining his vote by calling for a "careful study." Many of the OAS countries believe their internal problems and their policies on world trade are more important than the threat of Cuban subversion.

In Venezuela, meanwhile, the guerrillas are lying low, whether for tactical reasons or as a result of their losses. Except for the ambush of a military truck convoy in the area east of Caracas where the Cuban-supported landing

took place on 8 May, there have been no serious internal security incidents. The arrest of top guerrilla leader Americo Martin on 2 June may prolong this inactivity, but it probably will not seriously undercut the guerrillas' ability to carry out offensive operations.

The Venezuelan port workers have supported their government's campaign against Cuba by ordering a boycott of ships of countries trading with Cuba. On 6 June stevedores at La Guaira, Caracas' port, refused to unload a Japanese ship. The boycott is to be "selective" to avoid damaging Venezuela's economy, but the government, frustrated by its inability to strike back hard at Cuba, may encourage the port workers to apply the boycott more widely.

Former president Romulo Betancourt has echoed the thoughts of the labor leaders by pointing out the importance to Cuba of trade with the United Kingdom, France, Canada, and Spain and has stated specifically that those countries must be made to choose between Cuba and Venezuela. He went further, however, than government or labor spokesmen in declaring that "if Cuba continues its policy of aggression" the time will come when the Caribbean countries should undertake combined armed action against Cuba.

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BOLIVIAN ARMY REASSESSING COUNTERINSURGENCY PROGRAM

Guerrilla successes have forced the Bolivian Army Command to undertake a review of its whole counterinsurgency program. The review was precipitated by the army's poor showing in a clash on 30-31 May near El Espino, when guerrillas first engaged and then eluded an army unit that has been considered one of the country's best trained and equipped.

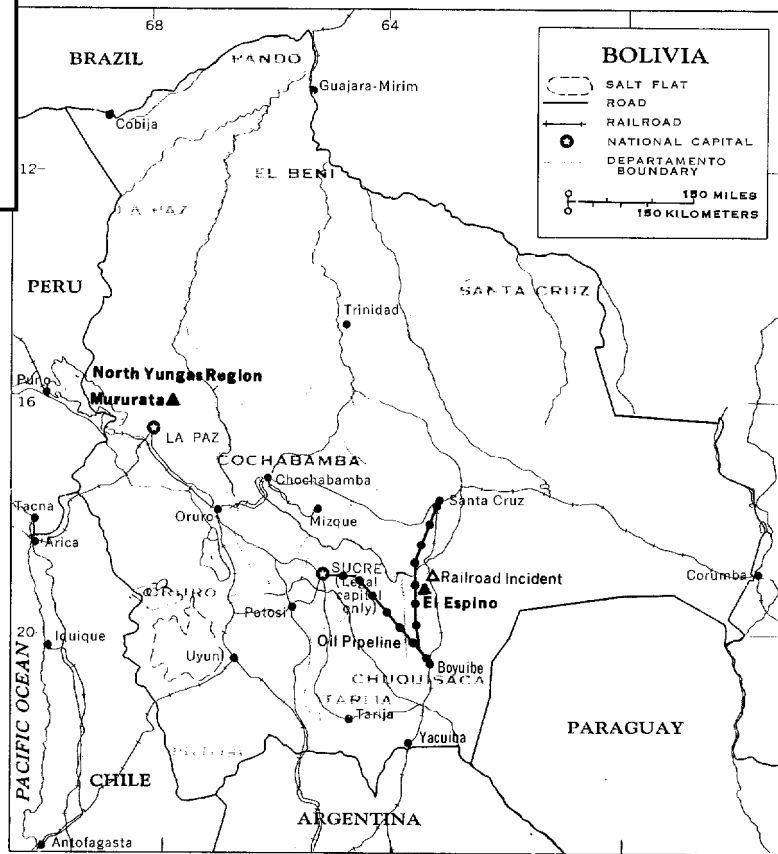
30-40 "armed and bearded strangers" are undergoing guerrilla warfare training in the Mururata area

Meanwhile, Communist parties in other Latin American countries appear to be reaching some decisions on the Bolivian situation. On 30 May the Communist

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The guerrillas' command of the zone was further demonstrated on 2 June when sabotage of a section of the vital Santa Cruz - Yacuiba railroad forced total suspension of service over the line. This action, the first insurgent strike at a strategic installation, could presage moves against nonmilitary targets, including oil pipelines.

While the army is engaged in the southeast, the guerrillas may be preparing for action in the northeast. Villagers in the rugged North Yungas Region some 45 miles from La Paz claim that



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parties of Chile and Uruguay issued a joint declaration of support for the guerrillas

The prospect of foreign support and the government's inability to crush the insurgents could encourage an expansion of guerrilla activity in rural areas or provoke unrest in urban centers which would seriously strain the government's limited resources.

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