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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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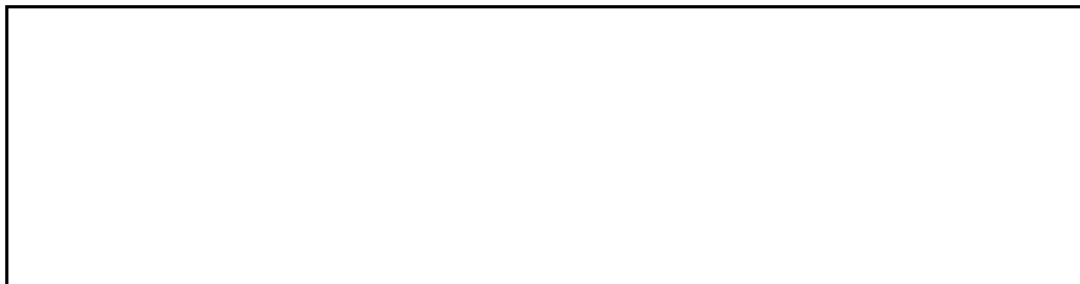
(Information as of noon EST, 10 April 1969)

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FAR EAST

The Vietnamese Communists appear to have ended their spring offensive. There is no indication, however, that enemy units are withdrawing to border sanctuaries or out-of-country bases. There were a few sharp clashes east of Saigon this week, but they were the result of allied sweep operations rather than any enemy initiative.

The Communists apparently have been caught off guard by President Thieu's recent political initiatives. Thieu's six-point peace plan, which he presented to the National Assembly in Saigon on 7 April, has been only ineffectively rebutted by the Communists. The Liberation Front and the North Vietnamese have been sidestepping Thieu's proposals for negotiations but have avoided rejecting them outright.

There has been a virtual news blackout on the proceedings of the Chinese Communist Party's ninth congress ever since it opened on 1 April. This lack of substantive reporting—in sharp contrast to usual practice in Communist countries—suggests that delegates are engaged in heated debate on policy issues which the leadership wishes to conceal.

The abandonment of the government position at Thateng in southern Laos late last week does not significantly alter the military equation in the Bolovens Plateau area. The loss of the position is, however, another step in the Communists' campaign begun in late 1967 to isolate the plateau and keep government forces confined to areas along the Mekong River. The government withdrawal came after a costly five-month effort by the Communists to take the outpost.

The Japanese Government has strengthened its team for forthcoming negotiations with the US on the return of Okinawa to Japanese administration. Prime Minister Sato's major problem in arranging reversion continues to be to find a formula acceptable to both the US Government and the Japanese people regarding the status of US bases in Okinawa after reversion. The Japanese and Okinawan people are adamantly opposed to the presence of nuclear weapons in Okinawa.

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VIETNAM

The Communists appear to have ended their spring offensive. The level of violence over the country has dropped dramatically in the past week.

The enemy may be using the current period to refit and rest many of his major formations, some of which have suffered substantial casualties. Prisoners have also hinted that the Communists are now holding indoctrination sessions to review the results of the recent campaign. There is no indication, however, that enemy units are withdrawing to out-of-country bases and border sanctuaries.

Meanwhile, there have been a few sharp clashes east of Saigon this week, but they have resulted from allied sweeping operations rather than any initiative on the part of the enemy. Major cities have remained free of shellings, although four rockets struck the northern outskirts of Saigon on 8 April causing light casualties and damage.

Political Developments in
South Vietnam

President Thieu has followed up his 25 March announcement that Saigon is ready for secret talks with the National Liberation Front by outlining a six-point program to end the fighting. In his state-of-the-nation address to the National Assembly on 7

April, Thieu offered mainly a restatement of Saigon's existing policy of "national reconciliation" in exchange for Communist military withdrawal, but he also subscribed to the more distant goal of reunification based on free elections.

Thieu reassured militant nationalists, who have criticized his offer of secret talks, that the government could now afford to take such initiatives in the negotiations because of its strong position in South Vietnam. Moreover, he suggested that negotiations could be conducted "under several formulas, in several places, and at several levels," suggesting a willingness to meet with the Communists outside the forum of the Paris talks.

Thieu devoted most of his address, however, to the need to begin now to unite anti-Communist political elements against the day that political competition with the Communists begins. He also announced that he will personally head a "broadly based" political organization, to include all individuals and groups that approve of his program.

Thieu had previously indicated that he would identify himself with the Lien Minh at a national convention of this progovernment front to be held later this month. Presidential secretary General Nguyen Van Huong--Thieu's political aide--is

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reportedly working on preparations for the convention, including a reorganization and expansion of Lien Minh activities and efforts to persuade new groups to join the front.

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President Thieu has [] [] expressed confidence in his ability to organize the South Vietnamese people politically, although he clearly realizes that a number of ambitious politicians will be unmoved by the cause of national unity. Despite Thieu's optimism, he faces problems in trying to mobilize non-Communist political groups. To date, the Lien Minh has failed to organize effectively outside of Saigon, and it is likely to be hampered by the personal rivalry between its current leaders.

In addition, initial reaction in Saigon to Thieu's National Assembly speech indicates that although there is widespread hope that his efforts will succeed, there is also considerable skepticism. Many nationalist politicians appear to welcome the move, although they have generally reacted cautiously, and the militant Buddhists have expressed their opposition.

Thieu believes the major Communist threat will come at the village level and he intends to take measures immediately to strengthen the government's position there. He recently told high US officials that he believes he has about six months to get

ready for political competition with the Communists before the peace negotiations reach their "culmination point." To meet the Communist threat at the local level, the government will try to increase its cadre force in the hamlets and villages, improve local administration, and raise the standard of living of people in rural areas.

Communist Political Reaction

The Communists are still side-stepping the issues raised by President Thieu's political initiatives. They apparently recognize that the South Vietnamese President has upstaged them on the peace front, but to date their rebuttal has been both slow and ineffective.

The Liberation Front made a special effort to recapture some of the headlines in Paris by calling an unusual and formal press conference on 7 April. Newsmen who came anticipating a thorough-going riposte to President Thieu's six-point peace plan were treated only to a 15-minute harangue on alleged allied atrocities in South Vietnam, and most of them walked out before the conference ended. In general, the Front spokesman avoided any substantive comment on President Thieu's six points. He did say, however, that the Front would never pay the price of dissolving itself for the privilege of participating in the political life of South Vietnam.

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LAO FORCES ABANDON SOUTHERN BASE AFTER LONG SIEGE

Low morale and difficulties in moving fresh troops and supplies into the Thateng garrison in south Laos led local defenders to evacuate their positions on 3 April.

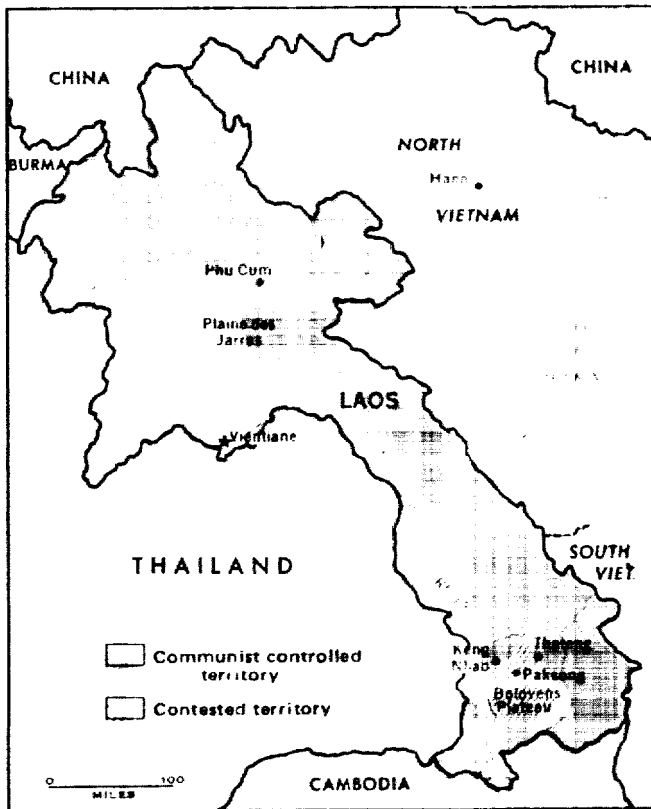
Thateng is the first important government position in southern Laos to fall to the enemy this year. The withdrawal came after a costly five-month effort by the Communists to take the outpost.

Government forces still control a high point overlooking the camp, however, and plans have been drawn up to strengthen this position.

The loss of the garrison may eventually open up to the enemy a motorable road onto the eastern portion of the Bolovens Plateau, but it does not significantly alter the military equation in the plateau area. It is, however, another step in a Communist campaign that began in late 1967 to isolate the plateau and keep government forces confined to areas along the Mekong River.

Recent Pathet Lao harassments along Route 13 appear to be part of this effort, and fresh pressure against small government positions at Keng Nhao and Paksong may be designed to remove the last vestiges of government presence in the northern portion of the plateau.

In northern Laos, meanwhile, except for ground assaults against the government's newly reoccupied position at Phu Cum, the Communists have not pressed their offensive. Government forces, for their part, continue to make some progress in diversionary attacks in the Plaine des Jarres area.



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TOKYO PREPARING FOR OKINAWAN NEGOTIATIONS

The Japanese Government's overriding interest in securing Okinawa's return is dramatized by a reshuffling within the Foreign Ministry to strengthen Japan's negotiating team.

A major feature of last week's reorganization was the appointment of aggressive diplomat Hiroto Tanaka as roving ambassador to assist Ambassador Shimoda in Washington. The naming of this special emissary, who will spend half his time in Washington, is designed to present more effectively the Japanese position on the timing and conditions for Okinawa's return to Japanese administration. A deputy vice minister was designated coordinator of all Okinawan matters as part of the reorganization.

These moves indicate that the Japanese are completing the final groundwork for negotiations on Okinawa that they hope will be successfully concluded during the visits to Washington of Foreign Minister Aichi in June and Prime Minister Sato later this year.

The toughest problem facing Sato in arranging Okinawa's return is to devise a formula for the post-reversion status of US bases acceptable to both the US Government and the Japanese pub-

lic. The Japanese people clearly want the same "homeland-level" status for Okinawan bases that governs US bases in Japan. This would preclude special weapons and require consultations prior to major force deployments.

Although Sato has not foreclosed any negotiating options, he now appears to favor a formula for reversion that would grant fairly liberal base rights in exchange for removal of nuclear weapons. The strong public pressures Sato must take into account were reflected in a nationwide poll early this year; less than three percent of the Japanese would tolerate nuclear weapons on Okinawa. Sato's suggestions last February that the presence of nuclear weapons in Okinawa following reversion would not violate Japan's constitution drew harsh and widespread criticism from the press, opposition, and public.

Serious dissension within the ruling Liberal Democratic Party on the nuclear question is another compelling factor shaping Sato's negotiating tactics. Sato is well aware that party rivals such as faction leaders Maeo and Miki --both outspoken proponents of "homeland-level" reversion--would quickly exploit any surge of popular feeling against the

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government's handling of the Okinawa issue in their attempts to oust the prime minister as party leader.

The increasing popular pressure for reversion in Okinawa itself over the past year is yet another prod for Japan to move ahead rapidly on the issue. Base-related incidents, including the crash of a B-52 last November,

have given added momentum to local leftist efforts to reinforce their campaign for "immediate reversion" with a drive against any US military presence. This week, the Ryukyuan legislature unanimously passed a strongly worded resolution, the 17th of its kind, calling for reversion without nuclear weapons or free US use of bases. [REDACTED]

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EUROPE

The 20th anniversary of the North Atlantic Treaty is being celebrated in Washington this week with clear signs that the European appetite for detente has been whetted by the Warsaw Pact appeal for a European security conference. Skeptics are unconvinced that the Soviets are sincere, but many of the NATO countries apparently wish to explore the matter further.

Well aware of this, Moscow actively supported the appeal. Soviet diplomats presented the case for a conference to key Western governments in reasonable terms, even letting it be known that Moscow had no objection in principle to US participation. A Soviet government statement on 8 April blamed NATO for all the ills of Europe and concluded with a call for a conference. The substance of the Soviet proposal remains essentially unchanged from similar ones made in 1966 and 1967, and Moscow may have achieved its main objective simply by stirring hopes of a European settlement as the NATO ministers gathered.

The Sino-Soviet border remained quiet although Soviet propaganda continued the attack.

In Czechoslovakia, Dubcek and the other top party leaders have apparently been able to come together in a new cohesiveness. Nevertheless, the domestic political situation became more complicated as the regime effected new restrictive policies in response to Soviet demands for a clampdown.

A high-level Polish delegation led by party boss Gomulka arrived in East Berlin for two days of talks with the irascible East Germans, probably about the new European security proposals, as well as economic cooperation [redacted]

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[redacted]

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[redacted] Rumanian Foreign Minister Manescu's three-day visit to Moscow apparently failed to produce any agreement on major issues, including revision of the mutual assistance pact, European security, or the China border issue. [redacted]

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[redacted]

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CZECHOSLOVAK LEADERS ACT TO ASSUAGE SOVIET FEARS

Dubcek and other top party leaders, apparently with a new cohesiveness, have begun the arduous task of trying to convince the Czechoslovaks that they must comply with the new restrictive domestic policies introduced last week. The regime also seemed to be searching for ways to maintain its popular support despite new Soviet pressures for the kind of clampdown that doubtless would alienate the population.

The authorities, nevertheless, are applying the most unpopular restriction--press censorship. They reshuffled the editorial staff of the main party daily, Rude Pravo, suspended or confiscated some weeklies, and appointed a new government censor. Journalists who are Communist Party members have been warned that they face disciplinary proceedings if they attack party policy. This is only a half

measure, however, for there are many non-Communists in the media. Some organizations, like the trade unions, are hoping to avoid the imposition of outside censorship by agreeing to scrutinize the content of their own publications.

In a major speech last week, Dubcek tried to justify the new restrictions by acknowledging that the recent anti-Soviet demonstrations had precipitated the most serious political crisis since the invasion, and he hinted that the Russians had lost their patience. He warned that another anti-Russian outburst would mean the end of his regime, the demise of the reform program, and the return of Soviet occupation troops and tanks to major urban areas.

Many Czechoslovak organizations have reaffirmed their support of the present leaders and reluctantly approved the new restrictive policies. Progressive



Prague Celebration of Hockey Victory Over Russians,
Which Led to Violent Anti-Soviet Eruptions on Night of 28-29 March

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trade union leaders agreed to try to calm the situation, and announced that for the first time since the invasion they will contribute to Dubcek's "normalization" efforts by exchanging delegations with the trade unions of the invasion powers.

The rank and file workers, however, have threatened a general strike to protest anticipated price increases--if they are announced. Students in Prague also plan to strike in the near future over newly imposed press censorship. The workers might call a general strike in this situation, too, if there are harsh reprisals against the students.

Czechoslovak leaders have enough time, however, to try to mollify the students and workers, but may have difficulty because of the regime's growing credibility gap. In an effort to discourage further public anti-Soviet provocations, Interior Ministry officials took immediate security precautions, and small, armed Czechoslovak military units joined reinforced police patrols.

The leadership also has moved to shore up its popular support in the faction-ridden Czechoslovak Army. President Svoboda last week made four trips to key military posts, probably to use his immense prestige to try to ensure that the armed forces will remain ready and willing to follow the regime's directives. As a sop to Moscow, however, Prague cracked down on anti-Soviet dissidence in the armed forces and plans to punish mili-

tary personnel who took part in anti-Soviet disturbances.

Despite the complications it has imbued into the domestic situation, the recent crisis proved once again that when the chips are down the top leaders--all moderates--can stick together. Even Slovak party chief Husak, a "realist" who at times has been highly critical of the party leadership, is said to have rallied support for Dubcek and to have stiffened the backs of wavering moderate and progressive leaders, who seemed ready to be stampeded into accepting Soviet demands for a harsh crackdown.

Regardless, Dubcek again is walking a tightrope. He must persuade Moscow that he will no longer drag his feet in responding to its directives. At the same time, to maintain his regime's stability, he must cater to progressive groups such as the workers, students, and intellectuals. Meanwhile, Dubcek's propensity to temporize, which at present he seems unwilling to abandon, appears likely to generate new crisis situations.

Moscow welcomed the proposed restrictive measures and gave extensive press coverage to Prague's statement promising a crackdown on "concealed antisocialist forces." The Soviets made it clear, however, that they would be watching carefully to see that Prague's actions matched its words. The departure by mid-week of Defense Minister Grechko and Deputy Foreign Minister Semenov, whose strong representations had goaded Prague into action, suggests that the Soviets have been at least temporarily mollified. 25X1

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YUGOSLAVIA AND RUMANIA ARE TARGETS OF RUSSIAN POLEMICS

Yugoslavia and Rumania have aroused Moscow's ire because of their uncompromising attitudes and lack of support for the way the Soviets handled the Czechoslovak crisis and the border dispute with China. In the past week, Soviet press articles clearly spelled out Moscow's vexations.

Under the guise of criticizing the Yugoslav press, the Soviet daily Sovetskaya Rossiya of 4 April castigated Belgrade for engaging in an "anti-Soviet" campaign. The article was particularly critical of Belgrade's neutrality on the Sino-Soviet border dispute. It also took the Yugoslavs to task for criticizing Soviet policy in Czechoslovakia and for equating the Warsaw Pact with NATO.

Sovetskaya Rossiya touched a sensitive nerve when, in addition to taking note of Yugoslavia's economic difficulties, it observed that Yugoslavia owed its security to the existence of the Warsaw Pact. The article had steered clear of criticizing the regime directly, but Belgrade immediately replied that it considered the attacks to be upon the entire range of its domestic and foreign policies, in this way reserving the right to reply in the future.

The Doctrine of Limited Sovereignty

When a threat arises to the revolutionary gains of a people in any country and thus...to the fraternal community, it is the international duty of the socialist states to do everything to nip this threat in the bud....

Pravda, 7 April 1969

An article in Pravda of 7 April, critical of "bourgeois nationalism" and those who would "juggle with the concept of sovereignty," had special meaning for Bucharest because it coincided with the arrival in Moscow of Rumanian Foreign Minister Manescu, who had been invited for an exchange of views. The uncompromising article contained the clearest restatement in recent weeks of Moscow's doctrine of limited sovereignty. Moscow may have been motivated partly by a desire to establish a position from which to bargain with Manescu on revising the Soviet-Rumanian mutual defense treaty, which expired in early 1968. Any reiteration of this principle, however, with its veiled implication of justified intervention in Eastern Europe, is unnerving to leaders in both Bucharest and Belgrade.

Elsewhere in the Balkans, Bulgarian pressure on Yugoslavia over Macedonia may be abating. Foreign Minister Bashev, in a major policy review on 4 April, publicly disclaimed his country's responsibility for the squabbling over that issue for the last year and a half and denied that his country had any territorial claim on Yugoslav Macedonia. Bashev also had kind words for Bulgaria's other neighbors--Rumania, Turkey, Greece, and Albania. Sofia apparently wants to counter the ill effects of its unquestioning support of the USSR and to put the best face possible on Bulgarian foreign policy before an official visit by party boss Zhivkov to Austria next week.

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HUNGARY TRIES TO BALANCE DOGMATISTS AND LIBERALS

Hungarian leader Kadar is faced with an embryonic resurgence of conservative elements that could sour his delicately constructed relations with Hungary's intellectuals, most of whom are liberals whose goodwill is necessary for the viability of his moderate regime.

The stronghold of the hard liners is the Philosophical Institute of the Academy of Sciences, and the prime mover is its ex-chief, Josef Szigeti. Recently, the party had demoted him from his chairmanship because of his authoritarian methods, but Szigeti is now maneuvering to undermine Kadar's working relations with responsible liberals.

[REDACTED] Szigeti's political durability and influence is derived from his ties with conservatives in the Soviet Union and East Germany.

Since the early sixties, the Hungarian party has largely kept its promise of simultaneously preventing the return of Stalinist attitudes while keeping "dangerous" liberals under control. Until censorship was lifted in Czechoslovakia, for example, Hungarian intellectuals probably had the most freedom of expression in Eastern Europe. Since the intervention, however, the liberals have borne the brunt of the authorities' crack-down against ideological devia-

tions, and they are now complaining that it has been too one-sided.

The party's failure to silence Szigeti and his supporters illustrates how insecure it is about Moscow's skepticism over Kadar's gradual liberal reforms. The Soviet Embassy staff, according to current Budapest rumors, is now closely watching even the most innocuous regional publications for signs of "dangerous" attitudes. In this tense atmosphere, the conservatives apparently feel free to work against liberal policies.

Kadar has tried to restore both the delicate balance and the calm of the period before the Czech invasion. Szigeti's demotion was one aspect of this effort. A party-government communiqué in early March reiterated the party's determination to fight both dogmatists and irresponsible liberals, and averred that political reforms were to be directed from the top rather

Courageous thinking is not individual adventurism and not gambling with the life of the people, but is always an integral part of the responsibility felt for the cause of the country, the people, reality, and socialism. According to our experiences, both the dogmatic and revisionist attitudes are equally dangerous.

*Hungarian party secretary Bela Biszku
in an address to the party political academy
on 13 March 1969*

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than forced by pressures from below, as happened in Czechoslovakia.

This tactic has been only partly successful. Conservative attacks on liberal proponents of meaningful sociological research have lessened, for example, but party controls over liberal sociolo-

gists have been increased, and liberal apprehensions over seeping Stalinism have not been assuaged. In many ways, the cultural scene mirrors Kadar's main political dilemma: maintaining movement in his domestic reforms without causing a coalescence of conservative opposition or alarming the Soviet Union.

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RIFT WIDENING IN FINNISH COMMUNIST PARTY

The Finnish Communist Party (FCP), seriously split since its 15th congress closed on 6 April, faces the possibility that its conservative and liberal wings will break apart completely and form rival parties.

The liberals were aided in their take-over of the FCP by a walk-out of the conservatives over the selection of the new central committee. In their absence, the liberals swept out most of the obstructionist conservatives in the leadership. In electing a successor to conservative party secretary Ville Pessi, however, the liberals revealed their own internal differences. Lapland district secretary Arvo Aalto defeated organization secretary Erkki Kivimaki, who had been groomed for the post. The victory of Aalto, a firm liberal, over Kivimaki, a moderate, was also a sign of grass-roots discontent with the party bureaucracy.

The conservatives, whose strength is concentrated in the traditional areas of Finnish Marxism in southern Finland, have announced they will call a congress of their faction on 26 April to decide whether to remain within the party or form their own "Communist

Workers' Party." The return of some of the conservative dissenters to the FCP congress before its conclusion, however, is a sign of resistance to an actual split.

Until the break within the party came into the open, the majority liberals had held that the minority should accept the decisions of the majority, but they allowed it full freedom for propaganda and organizational activity. The liberals now condemn the conservatives for continuing such activity, maintaining that it is a defiance of party discipline and contrary to Leninist procedure.

A final split in the FCP could significantly influence the upcoming parliamentary elections, which by law must be held by March 1970 but can take place earlier. The FCP, operating through the People's Democratic League, usually gets about 20 percent of the vote, and of the 42 seats it won in Parliament in 1966, almost one fourth can be identified with the conservative faction. Since 1966, the FCP has also had the distinction of being the only Communist Party taking part in a Western European government.

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CANADA TO REDUCE NATO FORCES

The announcement last week that Canada will remain in NATO but carry out a "planned and phased reduction" of its military forces in Europe is the first of the Trudeau government's long-awaited decisions about future Canadian defense policy. The decision is a compromise between several cabinet factions, including one that favors withdrawing completely from NATO.

The decision, outlined in these general terms, actually represents what the previous administration did but with considerably less fanfare. Trudeau, however, may well have in mind more sweeping cuts than the not insignificant reductions made in previous years. In announcing the decision, he said only that the scope and timing of the cuts may not be determined for some time.

In Europe, Canada now has an air division with some 100 aging fighter-bombers and a mechanized army brigade of less than 6,000 men. Ottawa could cut back by not replacing the aircraft when they become obsolete in the early 1970s, or it might retain both air and ground elements while making substantial reductions in each. More drastic cutbacks, however, might cost Ottawa the political voice it wants in alliance affairs.

Trudeau talked only in the vaguest terms about other related strategic aspects of the decision. When asked if this move foreshadowed a reduction in the over-all military budget, he re-

plied, "not necessarily." Questioned whether the decision is aimed at a withdrawal of all Canadian forces from Europe at some time, Trudeau said, "maybe, maybe not."

Trudeau did say that Canada will continue to cooperate with the US in the defense of North America. He raised the possibility that the forces recalled from Europe will be used "to play a role in Canada which is now played by foreigners." This statement suggests that Ottawa might increase its contribution to NORAD, which it has long been reluctant to do. Trudeau might make such a gesture in hopes that it would strengthen Canada's voice in decisions about continental defense, such as the deployment of an ABM system.

Press reaction in Canada has been extremely mixed, with criticism by both pro- and anti-NATO editorialists muted by the lack of specific information. The conservative opposition has attacked the government for confusing Canada's allies by not giving details.

There has been only limited foreign reaction so far. West German Foreign Minister Brandt, for example, commended Canada on its decision to remain in NATO. He expressed concern, however, about the effect of the Canadian withdrawal on possible East-West negotiations for mutual force reductions and on other alliance members who have talked about reducing their own commitments.

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INTELSAT MEMBERS RECONSIDER POSITIONS

Participants in the recent INTELSAT conference in Washington, having failed to agree on future permanent organizational arrangements, are now re-examining and sharpening their positions for future meetings. All 68 INTELSAT members, together with nearly 30 observer nations, met for four weeks beginning on 24 February to try to set up definitive future arrangements for the satellite telecommunications consortium. Several important issues remain unresolved, however, and a second plenary meeting is planned for November; meanwhile a preparatory committee will meet next month to work out draft agreements.

The major issues yet to be negotiated involve the organization and structure of the consortium. A chief concern of the delegates is the role of the US--and COMSAT, its representative--in INTELSAT's future. There was especially strong sentiment for replacing COMSAT as the manager of the consortium with a more international body. Many members also insist upon new voting procedures in the assembly and the governing body to eliminate the current veto power of the US. Other items under discussion included the consortium's legal personality, its procurement policy, and the existence of future regional satellite systems.

Most participants were not surprised that no definitive agreement was drafted. There is general satisfaction that the conference permitted a useful

exchange of views, the isolation of points of disagreement, and the education of smaller countries in the complexities of satellite telecommunications.

Some participants have expressed the hope that the US will soften its position before the November meeting. A West German Foreign Ministry official, for example, has asked that the US negotiate INTELSAT's arrangements with an understanding of their political importance to Europe; he views the principal conflict as one between efficiency and political considerations. A Belgian minister has said that the resolution of major conflicts at the November meeting will depend upon the willingness of members--"particularly the US"--to engage in "serious negotiations."

The Soviets attended the conference as observers. A Soviet minister [redacted] stated that the Soviets desire a single global telecommunications satellite system, but they also insist that membership be universal--the US has favored membership in the International Telecommunications Union as a prerequisite. The Soviets also insist that regional systems be permitted, that control of the consortium be internationalized, and that votes be distributed "more democratically." The Soviet representative indicated that Moscow would wait until the conclusion of INTELSAT's negotiations before acting on its own Inter-sputnik proposal. [redacted]

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In the Middle East, shooting incidents continue to be the order of the day, with large-scale artillery duels across the Suez Canal occurring sporadically. The tacit Israeli-Jordanian truce in the Gulf of Aqaba was broken by a fedayeen rocket attack on the Israeli port of Elat, for which Israel retaliated with an air strike against Aqaba on the opposite shore. On the diplomatic front, efforts to work out a political solution to the impasse are now concentrated in New York, where the Big Four representatives held their second meeting this week.

Pakistan's martial law administration is firmly in power, and its spokesmen continue to pledge efforts to redress the ills that led to the protracted violence against the Ayub regime. In a news conference on 10 April, Yahya Khan stressed his intention to end corruption in government and promised new attempts to meet the demands of students, workers, and peasants. Meanwhile, prompt arrests are being made for violations of the strict martial law regulations and at least one serious clash has occurred in East Pakistan between the police and demonstrators.

In the Nigerian civil war, a federal drive into Biafra from the north has temporarily stalled, but only after some federal forces advanced to within 11 miles of Umuahia, the secessionist capital. Umuahia does not appear to be in any immediate danger, but the Nigerians will probably soon return to the attack. The fall of the secessionist capital would represent a significant psychological victory for Lagos, but it would not mark the end of the conventional war, as Biafran leader Ojukwu would almost certainly move his headquarters elsewhere in Biafra.

President Toure's witch hunt against alleged imperialist-inspired conspirators has brought Guinea's long-declining economic life to a near standstill and has stirred tension and discontent throughout the country. The national treasury is believed to be empty and food staples are in extremely short supply. Toure appears to have disposed of whatever threat may have existed, however, and retains the upper hand.

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MIDDLE EAST CONTINUES IN QUIET TURMOIL

As four-power talks seeking a solution to the Arab-Israeli conflict began in New York this week, Egyptian and Israeli gunners exchanged artillery fire across the Suez Canal, Iranian military forces continued a demonstrative buildup along the Iraqi-controlled Shatt al-Arab River, and Israeli aircraft for the first time made a retaliatory attack on the Jordanian port of Aqaba. Syria's Baath party emerged from a protracted congress with a rearranged leadership coalition that precariously balanced the two principal factions. In the Arabian Peninsula, meanwhile, both Yemen and Southern Yemen produced new but only slightly altered cabinets.

Egypt-Israel

Sporadic but intense firing has occurred along the Suez Canal as both Egypt and Israel continue defensive preparation in anticipation of yet more shooting. To minimize the effects of costly artillery duels, Port Said was to have been closed to merchant shipping after 1 April, and the civilian population is to be evacuated from the city in the course of this month, [REDACTED]

The Israelis claim that the recent artillery exchanges along the canal were triggered by Cairo's realization that Israel was quietly completing a heavy fortification system that would drastically

limit Egypt's military options. The Israelis say the barrages were ineffective, that their bunkers are about complete, and that the Egyptians now have to contend with a well-fortified Israeli front line. Israeli military leaders have warned that heavier "retaliation" might occur once the bunkers were finished.

The effectiveness of the Israeli defense was demonstrated in recent incidents in which the Israelis suffered only minor casualties during a week of intense shelling. The Israelis also claim that their own artillery fire was extremely accurate, and an Egyptian official recently acknowledged that Egypt suffered over \$100 million in damage--primarily to the oil refineries--as a result of the exchanges.

Jordan-Israel

Israel this week for the first time made an air strike against the Jordanian port town of Aqaba following a fedayeen-instigated rocket attack on the Israeli port town of Elat on the opposite shore. Jordan, in a sort of unwritten agreement with Israel, has tried to head off fedayeen activity in this important port area to prevent such an attack. This time, however, the Israelis claim they had no warning, and they moved precipitately to invoke their aggressive policy of "active defense" in retaliation.

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Iran-Iraq

Iranian military forces have been building up along the Shatt al-Arab River during the past two weeks in response to Iraq's attempts to enforce its rights to the waters that separate the two countries. The Iranian Navy has been put on alert, as have units of the army, and over 1,500 elite gendarmerie forces have been sent to the border area. General Oveisi, gendarmerie commander and Iran's top military trouble-shooter, has been supervising the operation.

The trouble stems from Iraqi harassment of Iranian fishermen and a decision by Iraq to search all ships entering the river flying the Iranian flag. Since 1937, the Iranians have chafed under a British-imposed treaty that placed most of the river under Iraqi control, and they are sensitive to attempts to interfere with their free use of the waters. Nevertheless, the current buildup is not expected to lead to open hostilities.

Syria

In Damascus, the military-dominated Baathist regime has apparently once again managed to meld competing factions within the party into an uneasy coalition. The new leaders of the Syrian Baath party were announced on 31 March, with the leadership about equally divided between the two major party factions--one led by Defense Minister Hafiz Asad and the other by military leader Salah Jadid. The unusual length of the party congress indicates considerable dissension among the party ranks during the meetings.

Hafiz Asad has held the upper hand since late February, but was probably anxious to reach some sort of compromise arrangement with his opponents to enable the party to present a united front to the public. Asad presumably remains in control, but infighting will inevitably continue despite this latest compromise.

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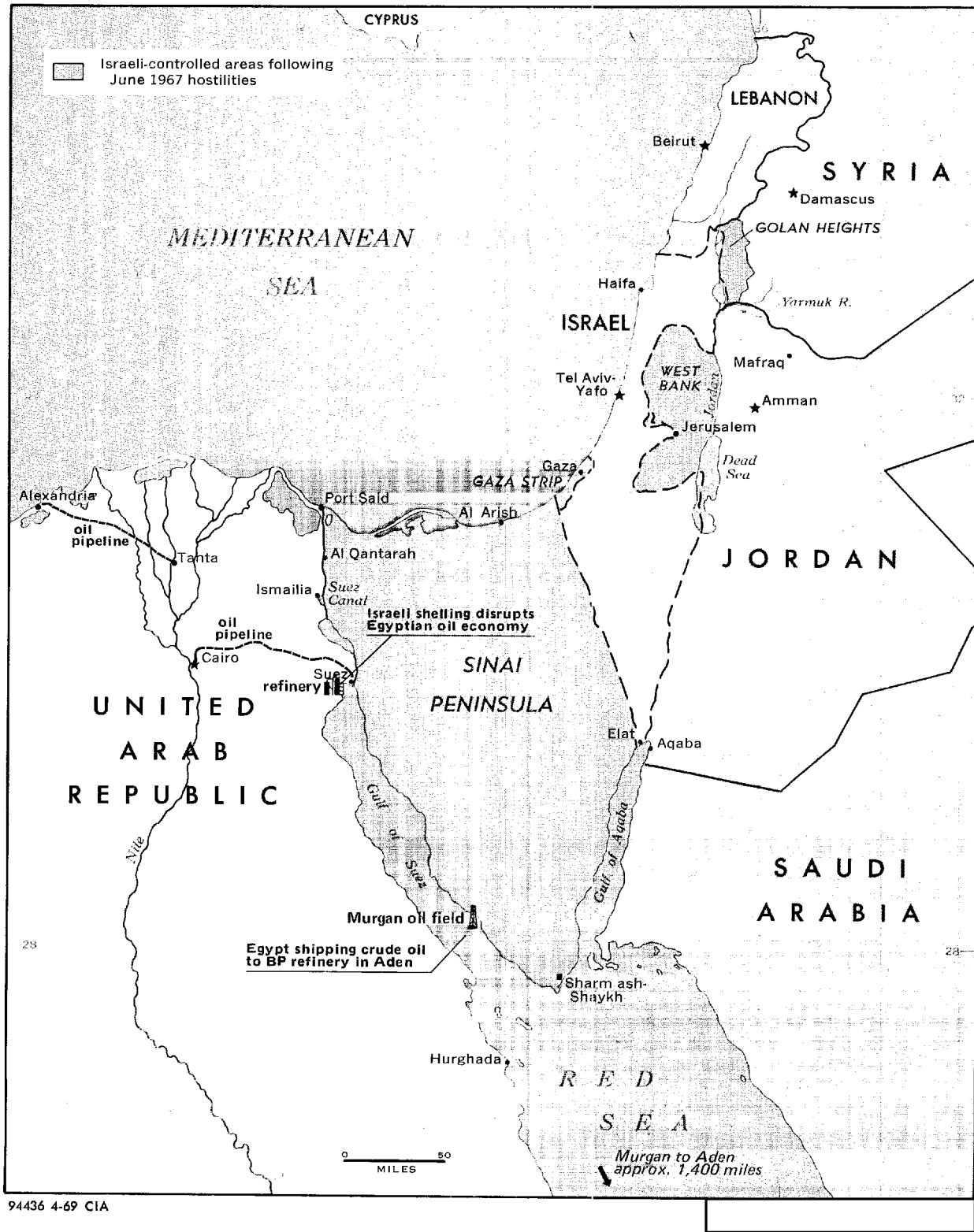
EGYPT'S OIL REFINERY COMPLEX AT SUEZ HARD HIT

For the second time in less than two years, Israel has disrupted the oil economy of Egypt. The shelling of the oil refinery complex at Suez last month has reduced Cairo's domestic refining capacity from 545,000 tons of products a month to only 145,000 tons, or about one quarter of Egypt's domestic requirements.

As an interim supply measure, Cairo has concluded an agreement with the British Petroleum Company (BP) under which some Egyptian crude oil from the Murgan field, normally processed at Suez, will be shipped to the company's refinery at Aden for processing. The agreement, which is for one year, calls for BP to

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supply 200,000 tons of refined products per month. This quantity represents about one half of the products provided by the Suez refineries immediately prior to the shelling and about one third of Egypt's total demand. Several tankers of crude oil already have been dispatched to Aden.

Egypt made a similar arrangement with BP in November 1967 following damage to the Suez refineries by Israeli shelling, but it was then on a month-to-month basis. By mid-1968, the refineries had been restored sufficiently to discontinue that arrangement with BP.

The length of the new agreement with BP suggests that damage from the March shelling is more extensive than in 1967 and that the Egyptians may not intend to restore the complex in the near future. In addition to storage tanks and process equipment, the marine loading facilities and the refinery electric power plant as well as the fertilizer plant and the cement plant adjacent to the refineries reportedly were damaged, and a small Egyptian tanker was sunk in the harbor basin. Estimates of damages vary as high as \$100 million.

Continued sniping in the vicinity of Suez may impede the movement of products from Aden to Suez. In early April, however, a Greek-flag tanker reportedly

unloaded fuel oil without incident at the damaged jetty at Suez for delivery to Cairo via the pipeline. No Egyptian tankers have yet appeared at Suez.

The Egyptians are establishing temporary anchorage and unloading facilities south of Suez and a short pipeline to connect with the Suez-Cairo pipeline. They may be planning to use this alternate discharge point to avoid possible Israeli harassment of Egyptian tankers returning from Aden.



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Egypt still will have to import an additional 230,000 tons of petroleum products a month to meet the level of demand existing prior to the recent shelling. There are indications that Egypt is making approaches to international suppliers for bulk purchases of kerosene and fuel oil. Stocks on hand are not known, but preliminary estimates suggest that acute shortages of these two products may occur in a matter of weeks. The physical limitations on import facilities at Alexandria as well as on the pipeline south to Tanta--about 50 miles north of Cairo--probably would prohibit the import through Alexandria of the quantity of additional petroleum products necessary to offset the loss of the Suez refineries.



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SOVIET PRESIDENT VISITS ALGERIA AND MOROCCO

Soviet President Podgorny's visits to Algeria and Morocco testify to the growing influence of the Soviet Union in the western Mediterranean. The Soviets apparently see no need--or prospects--for expanding their influence in Tunisia and so declined a Tunisian invitation to Podgorny on the grounds that the Tunisian press has been hostile toward Soviet policy.

On the surface, Podgorny's visit to Algeria--from 26 March to 1 April--went smoothly, climaxing a series of high-level Soviet visits during the past year. Soviet Defense Minister Grechko spent ten days visiting the Algerian armed forces last summer; last month, Algerian Foreign Minister Bouteflika went to Moscow, where the two sides agreed to set up a permanent commission to administer their increased economic, scientific, and technical cooperation. This activity can be expected to increase and will probably be accompanied by an expansion of the Soviet presence in Algeria, which already includes nearly 4,000 civilian and military technicians and advisers.

The Podgorny party, reportedly encountered a few obstacles, however. It pressed hard for a public stand by the Algerians in support of the Soviet position on Czechoslovakia and for Algerian recognition of East Germany. The Algerians, whose press has presented only the Soviet position on Czechoslovakia and who have long had close ties with East Germany but do not recognize it, demurred on both requests.

Early in the visit, Algeria's President Boumediene delivered a speech calling for the "removal of all forms of foreign military presence" in the Mediterranean. These remarks reportedly irritated the Soviets, who presumably have no plans to cut back on their own activities and are content simply to denounce the presence of the US Sixth Fleet.

The Algerians unsuccessfully pressed for an uncompromising Soviet stand in support of the liberation of Palestine. The Soviets, however, agreed in principle to the Algerian request to cease support for and contact with the illegal Algerian Communist Party, a commitment that the Algerians plan to test shortly.

Podgorny's trip to Morocco was one more sign of the gradual warming of Soviet-Moroccan relations. In the past year, Rabat had agreed to a Soviet naval visit to Casablanca and to the opening of a Soviet consulate there. The two sides signed a five-year trade agreement last July and, during Podgorny's stay, announced the establishment of Soviet-Moroccan friendship organizations in both nations and a commission to administer their economic and technical agreements. Moreover, Podgorny's arrival on 1 April was to have coincided with the scheduled beginning of Aeroflot service between Rabat and Havana, a route Moscow has been trying to acquire for more than two years.

The Moroccans gave Podgorny a correct and colorful reception. His arrival was given sparse pub-

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licity, however, and was overshadowed by the signature of the accord associating Morocco with the European Economic Community. Before the visit, moreover, the King had pointedly dedicated the dam that the Soviets are building in the south, and did not include this or any other Soviet project in the schedule.

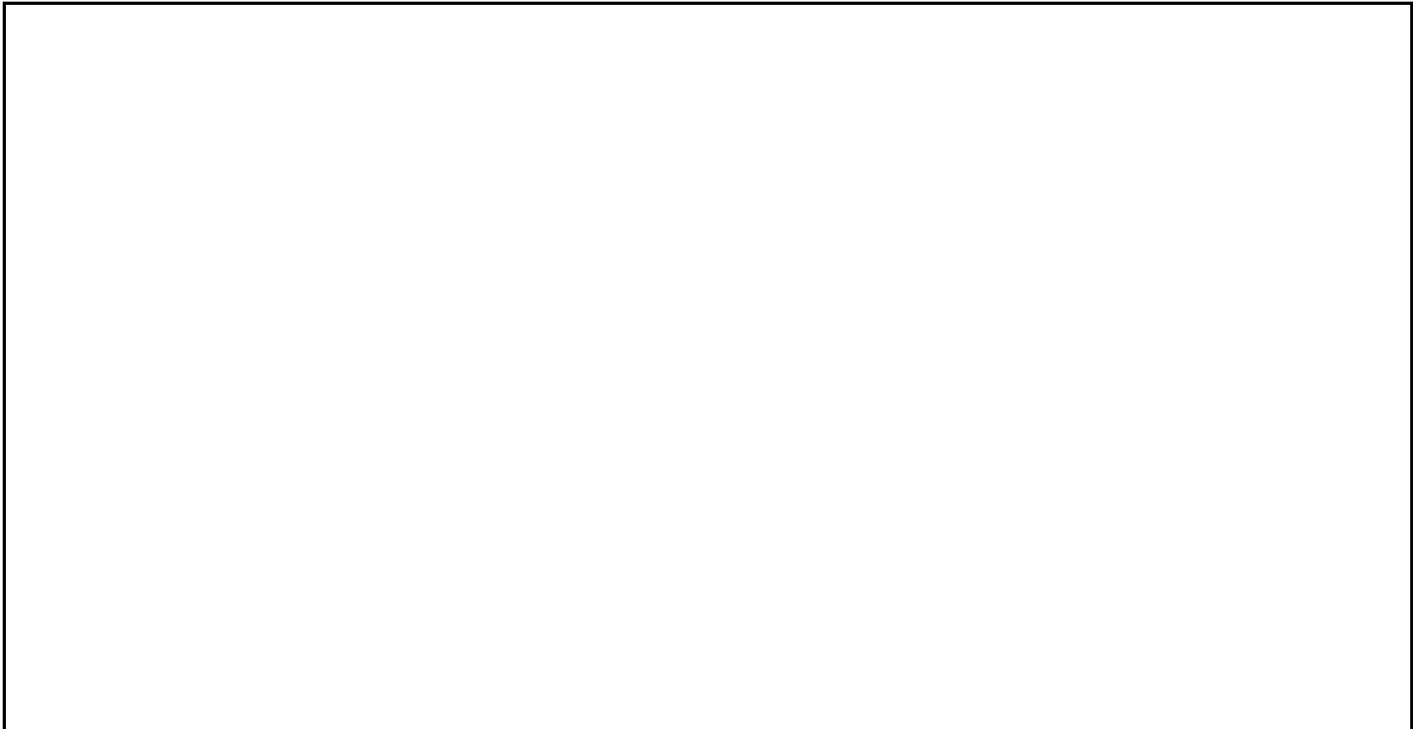
Podgorny's response to the King's welcoming speech, while apparently bland and superficially correct, contained some elements to give the Moroccan regime pause. For instance, his stress on the people-to-people aspect of Soviet-Moroccan relations implies an effort to appeal to the Moroc-

can people over the head of the monarchy. Also, his suggestion that Morocco follow the Soviet pattern has no appeal for a Moroccan king bent on preserving his own unchallenged authority.

Podgorny's farewell statement seemed designed to mask areas of disagreement with respect to Vietnam, the Mediterranean, and to some extent the Middle East crisis. A divergence of political views on these subjects, however, does not preclude Soviet-Moroccan cooperation in economic, scientific, cultural and perhaps even military fields. [redacted]

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COUNCIL SHAKE-UP COMPLICATES GHANA'S POLITICAL SITUATION

The abrupt removal last week of General Joseph Ankrah as head of the governing National Liberation Council has left Ghana's body politic in a state of shock and has lowered public confidence in the pro-Western, military-police regime. Although no changes are expected in the government's basic policies, the shake-up seems likely to cause a fundamental shift in the power relationships within the council and could produce developments that would delay the transfer of power to a civilian government.

The decision to oust Ankrah came after his colleagues discovered he had solicited money from local and foreign businessmen for political purposes in contravention of the ban on political activity. His successor, agreed on only after the senior army officer on the council refused the chairmanship, is young and mercurial Brigadier Akwasi A. Afrifa.

Whether the council retains the cohesiveness necessary for an orderly transfer of power to a civilian government will depend in large measure on the ability of council vice chairman John Harlley to keep Afrifa on an even emotional keel. Harlley, who is also national police chief, has played the role of kingmaker on the council. The power and influence of the dynamic Afrifa, a member of a royal family of the

Ashanti tribe, could mount in short order, however.

Afrifa is already being cultivated by politicians of the Ashanti-dominated political grouping that long opposed Nkrumah. They view Afrifa's rise to chief of state as having improved the political fortunes of their party, and they are likely to encourage him to chart a course independent of Harlley, who favors a rival political faction. The play of these forces could have an adverse effect on meeting the September target date for return to civilian rule. The council still insists it will meet the deadline, however, and Afrifa, in his first public action, has announced that the ban on political activity will be lifted on 1 May. Ministerial portfolios have also been extensively reshuffled in an effort to give the regime a new public image.

Senior army officers are vocally upset over the leadership change. They resent Afrifa's brashness and his rapid rise in rank. Many believe that the senior army officer on the council should be made chairman and that the military should have greater representation on the council. Some, especially Ankrah's fellow tribesmen, suspect the ouster was engineered by Harlley for tribal and political reasons.

Press reaction to Ankrah's dismissal has been varied, with privately owned media calling for a thorough probe, an action that could implicate other prominent Ghanaians in the scandal.

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WESTERN HEMISPHERE

The decision by the US to defer economic sanctions against Peru for its expropriation of the International Petroleum Company was the main topic of conversation in the hemisphere this week. Most Latin American leaders have expressed pleasure and relief over the deferral. The foreign minister of Colombia and an adviser to Brazil's foreign minister, however, commented that the postponement would be interpreted throughout Latin America as a sign of weakness on the part of the US.

In other developments, the Caldera government in Venezuela is taking a more pragmatic approach to foreign relations than did its recent predecessors. On 7 April, diplomatic relations were re-established with Peru, marking the first deviation from the ten-year-old Betancourt Doctrine of nonrecognition of governments that come to power unconstitutionally. The move sets the stage for recognizing the military governments of Argentina and Panama, perhaps this week. The government is also pushing ahead with negotiations to establish or re-establish relations with the USSR and some of the Eastern European states.

The 1970 presidential election in the Dominican Republic is already occupying political center stage, there, and early jockeying for the nominations points to an extended period of unrest. The latest prospective nominee is ambassador to the US, Garcia-Godoy, provisional president in 1965 and probably the most popular candidate the left could put forward. Garcia-Godoy will be seeking to undercut President Balaguer, who has also made a veiled appeal to the public to support a national movement for his own re-election. The candidate of the far right is Wessin y Wessin, the leader of the regular military during the 1965 revolt.

The "expert-level" meeting of the Special Committee for Latin American Economic Coordination ended on 7 April. In a joint communique, the delegates declared their determination to achieve a "Latin American personality" with its own values and criteria. A second "expert-level" meeting will be held from 7-14 May, followed by a ministerial session from 15 to 17 May, probably in Vina del Mar, Chile.

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PANAMANIAN NATIONAL GUARD EXTENDS ITS CONTROL

Six months after seizing power, Panama's National Guard leadership is showing an intention to remain in active control of the country for a long time to come, regardless of any elections that may be held.

A communiqué issued by the presidential press office, apparently at the behest of top guard officials, asserted that government institutions will remain under the "patriotic protection" of the military--a euphemism for establishment of the guard's power to sit in judgment on the actions of any regime.

The National Guard is steadily expanding its propaganda effort to demonstrate its popular origins and to generate some support outside its ranks. The guard

portrays itself increasingly as being composed almost entirely of men from the lower classes. Guard commandant Torrijos has received extensive coverage in the controlled press, which extolls his virtues and publicizes his activities. During a recent tour of the western provinces, General Torrijos was pictured surrounded by "enthusiastic" peasants as he sought support from rural groups.

A spate of new actions by the government junta shows a trend toward greater subordination of government components to National Guard influence. The National Department of Investigations (DENI), Panama's small civilian police unit, has been formally placed under the direct administration of the



Panamanian Women Athletes Publicize Their Sponsor at a Recent Sports Event

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guard. Although formerly responsible to the president, DENI has actually been under the supervision of a guard officer since the ouster of Arnulfo Arias last October. The junta has also appointed four new supreme court judges whose chief recommendation is sympathy for government policies rather than personal ability. In addition, a cabinet decree designating 11 October as "National Guard Day" now officially commemorates the occasion of the guard take-over.

Some signs of normalcy nevertheless are appearing. Business conditions appear to be stabilizing and economic activity has increased. Despite the lack of any independent evidence of popular support for the regime, no organized opposition has yet emerged, and promises of elections next year remain vague. Torrijos' most immediate challenge is the possible reopening this month of secondary schools and next month of the university, both chronic centers of agitation.

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UNCERTAINTY PREVAILS IN PERU

The deferral of US economic sanctions under the Hickenlooper amendment pending further negotiations on the International Petroleum Company (IPC) has stimulated increasing uncertainty in Peruvian economic and political circles. The initial reaction in Peru and throughout the hemisphere was one of relief, but Peruvian Government leaders are concerned that badly needed credit will be withheld and that foreign investors will defer action until a final decision is reached.

Prior to the announcement, a Lima newspaper expressed this concern when it said that the extension of the time limit would be almost as bad for Peru as application of the sanctions. Another newspaper stated that "six more months like the last six" would be harmful for the Peruvian economy and would para-

lyze the greater part of expected investments.

US mining companies had been planning large expenditures for the development of new concessions before the expropriation of IPC. These as well as other foreign business ventures in Peru have been held up pending a final settlement of the IPC issue, which now is entering an administrative phase that can last until 6 August.

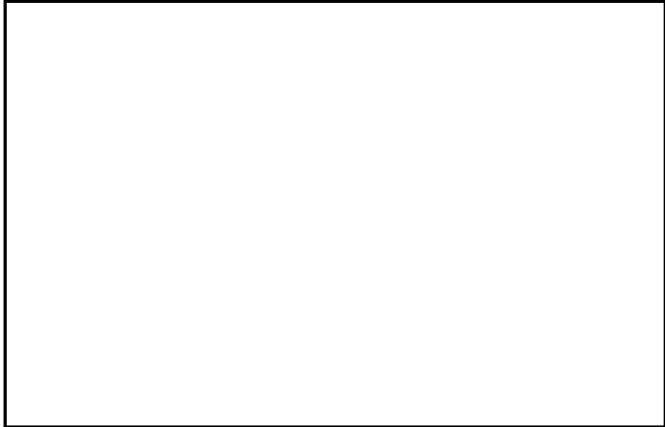
Leaders of other Latin American countries expressed pleasure and relief over the announcement that the sanctions had been deferred. Foreign Minister Lopez Michelsen of Colombia, however, reportedly said that the postponement would be interpreted throughout Latin America as a sign of weakness on the part of the US Government. This sentiment was

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echoed by an adviser of the Brazilian foreign minister, who said that now other countries will think they can act with impunity in defying the US.

President Velasco has publicly termed the deferment of the sanctions a "Peruvian triumph," but the "triumph" was not sufficient to make him a national hero or to strengthen his position significantly.



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