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DIRECTORATE OF  
INTELLIGENCE

# WEEKLY SUMMARY

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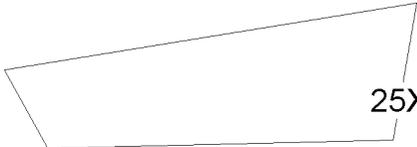
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26 September 1969  
No. 0389/69

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(Information of as noon EDT, 25 September 1969)

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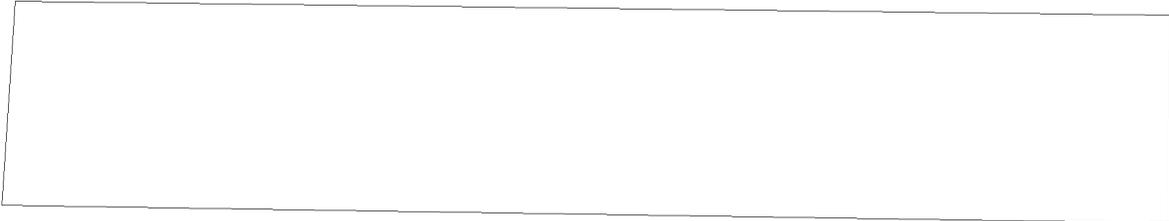
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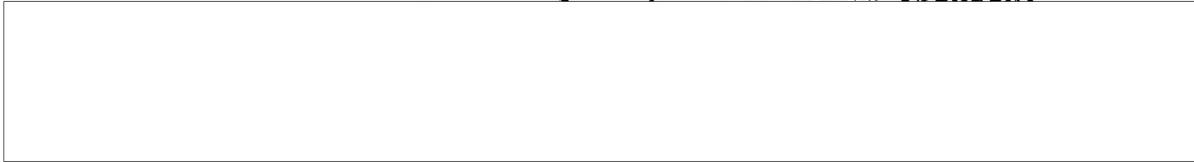
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**SECRET****FAR EAST**

Hanoi has picked a convenient figurehead as president and a relative unknown as vice president. Neither the appointment of 81-year-old Ton Duc Thang nor that of Nguyen Luong Bang, a long-time party stalwart, provides any firm clues to the real power structure in Hanoi. Although there is little evidence as to the relative standing of the top leaders in North Vietnam, there are strong indications that Communist military policies of the past year will continue. The armed forces' newspaper, for example, has called for a protracted war strategy and has urged economy of manpower and the maintenance of a well-trained reserve force in the North. In keeping with this, military activity in South Vietnam has been generally light, but an upsurge in Communist actions may come around 27-28 September, according to a number of reports.

In Laos, on the other hand, government forces have run into stiff enemy resistance, especially along the northern edge of the Plaine des Jarres. Although General Vang Pao's weary troops have still managed to make some slight gains, they now are facing substantial numbers of dug-in North Vietnamese, and sharp Communist counterattacks can be expected after the rains stop late next month.



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The major upcoming event in the Communist world is the 20th anniversary of the founding of the Peoples Republic of China on 1 October. Peking is moving forward with preparations for the celebration, but unexpectedly is discouraging the kind of hoopla that accompanied the 10th anniversary. This restrained attitude may be a result of internal disorders in the provinces, as well as of a number of economic problems, both of which have required considerable attention by the Chinese leadership. National Day on 1 October has traditionally been the occasion for a major leadership turnout, and evidence is beginning to accumulate that Mao Tse-tung, who has been widely rumored as incapacitated, will indeed appear as he has for all the previous anniversaries.

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## VIETNAM

North Vietnamese Policies

North Vietnam announced on 24 September that the two top government positions have been filled. The 81-year-old former vice president Ton Duc Thang was moved up to the presidency, where he will serve as a convenient figurehead. Thang was replaced as vice president by an important and long-time party stalwart, Nguyen Luong Bang.

Bang's appointment may have implications for the eventual shape of Hanoi's leadership, but what these may be is not readily apparent. He was one of the founders of the Vietnam Communist Party, a member of its first central committee, and since 1964 has been head of the party control department, which handles party discipline. In this capacity, he presumably has worked closely with many of North Vietnam's top leaders, but he cannot be firmly associated with any one group or individual.

Communist reactions to the latest US troop withdrawal plans and President Nixon's United Nations speech were predictably negative. North Vietnam and the Provisional Revolutionary Government issued formal statements ridiculing Washington's moves. They charged that the troop reductions were but "a drop in the bucket," designed only to dampen domestic opposition to the war while, in fact, the US was "in-

tensifying" the fighting. They reiterated that their "ten points" provide an honorable solution to the war and demanded a serious US response to them. The Communists may well have judged that a strong propaganda counterattack was called for to head off any impression that the next move is up to Hanoi.

Meanwhile, there are further indications that the regime intends to carry on with military policies of the past year, at least for the short term. An editorial in Hanoi's armed forces newspaper on 17 September called for the continuation of a protracted war strategy designed to frustrate allied efforts in South Vietnam and to maintain a credible Communist military threat in the field. The editorial mentioned several measures aimed at enhancing North Vietnam's ability to sustain a prolonged effort, including economy of manpower and equipment, and maintenance of a well-trained reserve force in the North.

[redacted] the Communists have delivered the same protracted warfare message to their forces in the South. A party resolution

[redacted] appears to call for a strategy of low-key but persistent enemy military operations in tandem with political and propaganda operations at least through early 1970.

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With its emphasis on political organization, the resolution appears to represent the most systematic effort to date to prepare Communist forces in the South for the possibility of a negotiated settlement.

Political Developments in South Vietnam

South Vietnamese reaction to the announcement of the second US troop reduction was mixed but generally cautious. Several senators as well as the army newspaper endorsed the decision, stating that it strengthened Saigon's hand at the Paris talks while it reflected honor on the Vietnamese armed forces. A strongly southern-oriented paper said the troop reduction and the short halt in B-52 strikes appeared to be "an invitation offered to an adversary" for serious negotiations.

Some vernacular papers suggested that the troop cuts resulted from pressure on President Nixon by Americans who believed that doves in Hanoi would be strengthened by such a gesture. The prestigious Chinh Luan expressed concern that the US might purposely be withdrawing troops faster than the Vietnamese could take up the slack in order to press Saigon either to broaden the government with leftists or to be more forthcoming at the Paris talks, even if this resulted in "dishonor to the people and army of South Vietnam."



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Military Developments in  
South Vietnam

The level of Communist military activity remained generally light throughout most of South Vietnam this week, in part because of heavy seasonal rains in the northern provinces. Small-scale engagements in the vicinity of the Rockpile in northernmost Quang Tri Province, an enemy attack on elements of a US combat operation south of Da Nang, and localized, small-unit attacks on remote friendly positions in III and IV corps accounted for generally light allied casualties.

Many of the Communist combat units apparently have not abandoned plans to climax this year's fall offensive with further attacks. Major Communist forces continue to prepare for combat in the northern provinces of I Corps. The equivalent of three enemy regiments together with supporting units is concentrated in the southern highlands near the Bu Prang Special Forces Camp in western Quang Duc Province. Furthermore, most of the enemy's forces in northern III Corps are still in position to strike at key targets north of Saigon.

Since the Communist's fall campaign commenced on 11-12 August, it has become clear that it has fallen short of many of its intended goals as forecast in captured documents, prisoner interrogations, and intelligence reports. Although specific goals varied from region to region, the drive generally has aimed at disrupting the pacification programs and the gradual "Vietnamization" of the war, while continuing to inflict a high rate of casualties on the allies. The Communists, however, have not been able to seize the initiative in any area and, perhaps because they have not committed many of their major main force units in the campaign, have not scored a single military victory.

Meanwhile, numerous intelligence reports allude to impending enemy activities to take place within the next few weeks, possibly in the form of another highpoint. Agent reports indicate that diversionary activity is being planned against Special Forces camps and other allied positions in the remote reaches of Kontum and Pleiku provinces, while the major enemy action in the region would be against allied targets in the Bu Prang area of southern II Corps. Several agents, ralliers, and prisoners cite the date of 27-28 September as the target date for the next upsurge in enemy military action.

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## BURMESE EX-LEADER TRIES TO FORM OPPOSITION

Former prime minister U Nu, hoping to capitalize on the general unpopularity of Burma's military government, is trying to develop a resistance movement to overthrow General Ne Win. U Nu's chances of success are slim, however, largely because he has no capacity for effective organization, but also because of the strong control exercised by the military regime.

Deteriorating economic conditions under seven years of military rule have resulted in a general malaise, but there is no political vehicle for mobilizing discontent into a united opposition. Burma has only a single party, and no others are legally permitted. Ne Win, moreover, has been encountering increasing bickering within the ruling military Revolutionary Council over the question of permitting some civilians to participate in the government. The Council, however, appears to remain united in its commitment to Burma's home-grown socialism.

U Nu left Burma for India last April, ostensibly on a religious pilgrimage, and in August he moved to Bangkok, from which vantage point he announced he would work toward the ouster of Ne Win and the return of the country to civilian rule.

The former prime minister remains a popular national figure and might be widely welcomed if he were to return to Burma. Many civilian leaders, however, have unhappy memories of his lack of political organization as prime minister, and his recent allusions to using force against Ne Win have dismayed followers within Burma, who fear the military might arrest them.

Some of Nu's followers have gone to Ne Win to assure him of their loyalty, and even ex-Brigadier Aung Gyi, U Nu's principal lieutenant in Burma, appears to be less than fully committed to the announced plan of action.

The Burmese Government has been trying to play down U Nu's public statements of opposition. At home, the publication of Nu's pronouncements in the government controlled press may have been intended as a show of contempt for his efforts.

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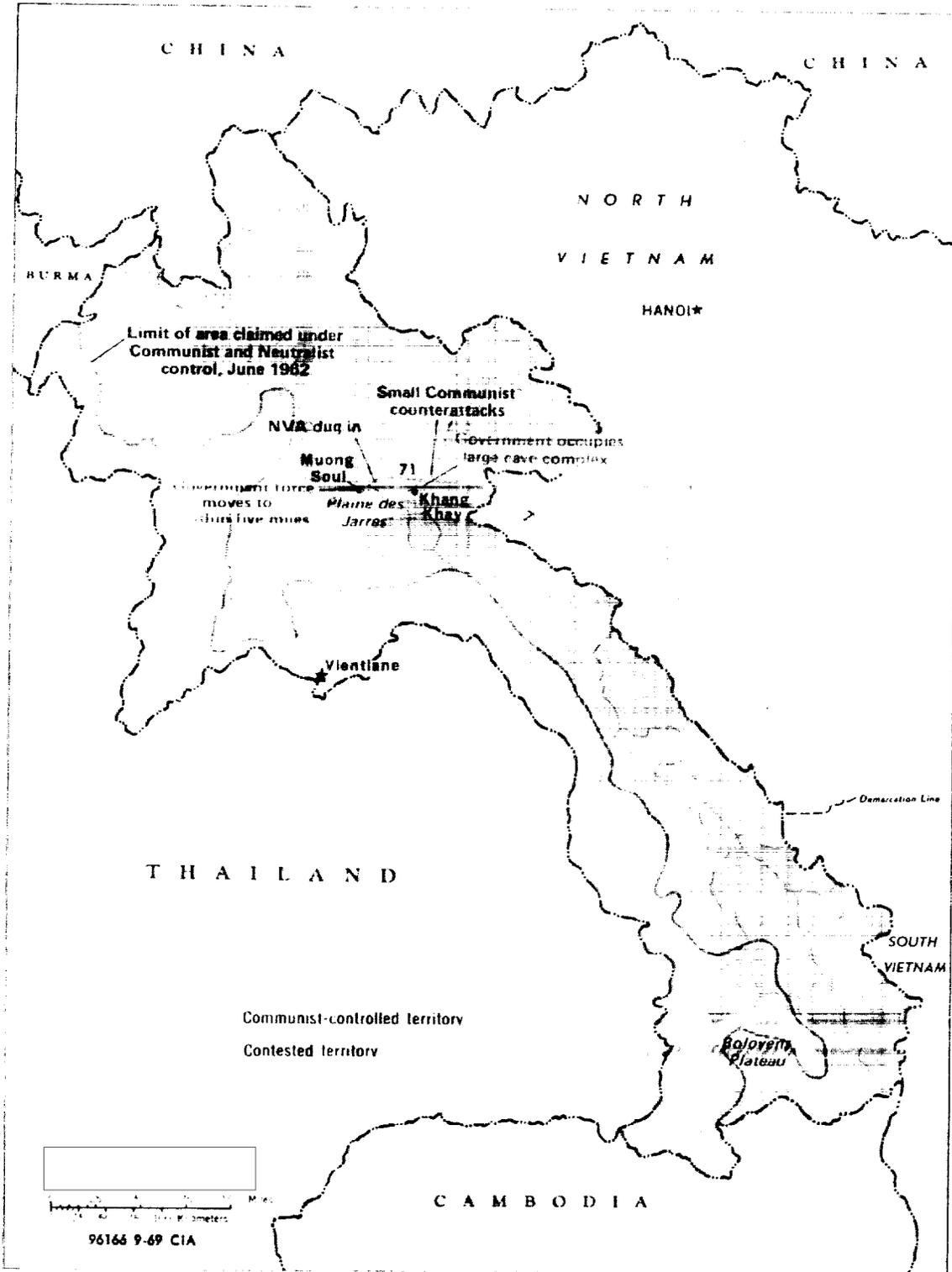
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### LAOS: Current Situation



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## LAO GOVERNMENT FORCES ARE FACING HEAVIER RESISTANCE

Government forces last week continued to make some slight progress in trying to advance farther north of the Plaine des Jarres. Enemy resistance has stiffened, however, and there are signs that North Vietnam is dispatching reinforcements into north Laos.

General Vang Pao's weary troops have had only limited success in repeated efforts to secure the high ground north of the Plaine, where substantial numbers of North Vietnamese forces are dug in. In the northwest sector of the Plaine and in the key area

near the Route 7/71 junction, government units have been checked by several small but sharp enemy counterattacks. The government wants to hold this area as long as possible to impede enemy reinforcements from North Vietnam.

On the more positive side, a small government element has advanced to within five miles of Muong Soui, meeting light enemy resistance. Northeast of Khang Khay, government guerrillas occupied a large, abandoned cave complex believed to be the former Pathet Lao headquarters in north Laos.

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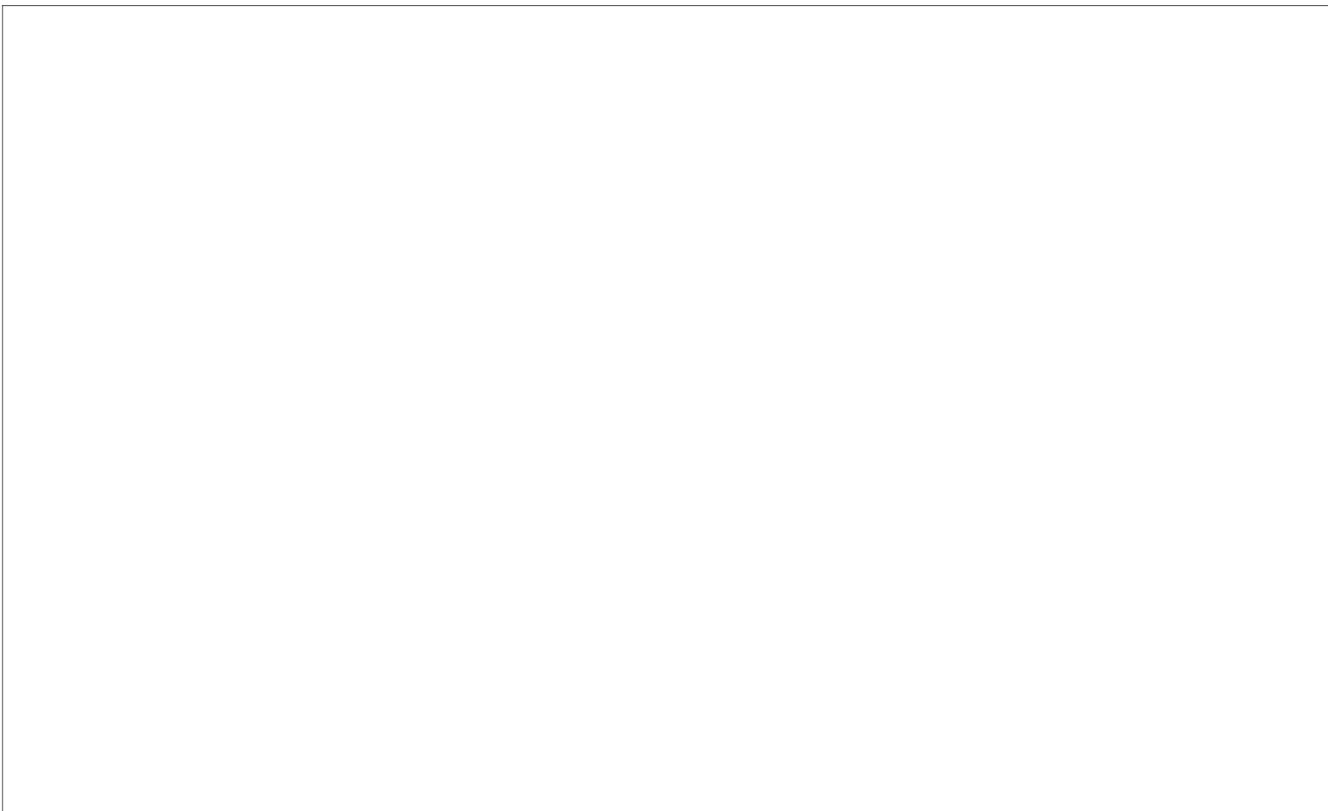
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### PREPARATIONS FOR CHINA'S NATIONAL DAY PROCEEDING IN LOW KEY

The regime's preoccupation with pressing internal problems has resulted in a subdued approach to the National Day celebrations on 1 October. Peking has set the mood for the rest of the country by discouraging the hoopla that might be expected to accompany the 20th anniversary of the founding of the republic.

In part, the restrained mood stems from the fact that only a fragile tranquility has been imposed inside China.

Peking probably does not want to jeopardize the newly imposed order by staging major rallies in Peking and provincial capitals, events which by their very nature

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bring crowds into the streets and tend to raise emotions.

Diplomatic sources report that Peking intends to keep this year's celebrations a "family affair," with few invited foreign guests.

Provincial radiobroadcasts have taken Peking's cue and are urging restraint in celebration planning. A recent Anhwei broadcast, for example, stated that National Day should be observed in a "down-to-earth" manner and that unnecessary expenditures should be avoided.

National Day traditionally has been the occasion for a major leadership turnout. Rumors that Mao is incapacitated have become widespread lately, and he has not appeared in public since 19 May. Mao has been absent for long periods before, however, and has reappeared each time to confound speculation about his health. He has never missed a National

Day celebration, and a failure to show up this time would give substance to reports that he is seriously ill. The Chinese, in trying to counter such rumors, have been publicizing recent decisions they say were made by Mao.

Despite the low-key approach to the celebrations, Peking will undoubtedly exploit the occasion for its maximum propaganda value to help promote the commonly heard themes of national unity and preparedness against war. The regime has taken the unusual step of releasing separately 29 National Day slogans, giving particular emphasis to those slogans concerned with war preparations. This probably reflects Peking's growing concern over the possibility of expanded conflicts with the Soviet Union and also serves to dramatize for the population the seriousness of the current war preparations drive and the need to economize and increase production.

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**SECRET****EUROPE**

Moscow has taken a small step toward re-entering the propaganda war with Peking. Over the past weekend TASS and some Soviet radiobroadcasts began issuing critical but still relatively mild commentaries on China. This suggests that Moscow is becoming impatient with the lack of a positive Chinese response to the Kosygin overture and the Soviet propaganda black-out.

Foreign Minister Gromyko's address to the UN General Assembly last week was in most respects unexceptional. His anti-Western remarks showed some restraint, however, and he presented a more positive view than usual of the UN's peacekeeping potential. He gave the impression that the USSR intended to be forthcoming on strategic arms limitation talks but did little to dispel the uncertainty about Moscow's long delay in responding to US overtures on this subject.

The Soviets also offered a draft convention banning the production, development, and stockpiling of chemical and biological weaponry. This ensures a hot debate at the General Assembly, as a number of other proposals for UN resolutions on the subject have been presented at the Geneva disarmament talks. The Soviet initiative will gain considerable support, but its lack of inspection arrangements will be criticized.

East Germany has ratified the Nonproliferation Treaty, bringing the number who have done so to 21. To bring the treaty into force, 22 more ratifications are required, including those of the US and the USSR.

The Czechoslovak party central committee convened on 25 September to resolve the status of Dubcek and perhaps of as many as 60 of its 183 members. Indications are that party first secretary Husak has imposed his will and there will be no major political trials, although the way will be cleared for a widespread purge of liberals.

A selective purge has been threatened in Yugoslavia by President Tito, who has sharply condemned indiscipline at all levels of the party. The Yugoslav leadership is seriously concerned about widespread disregard of central policy directives at local levels.

In Italy, the Chamber of Deputies has reconvened, and the government is preparing to face some serious questioning on how it intends to deal with a series of one-day, nationwide strikes.

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## GROMYKO'S SPEECH TO THE UN GENERAL ASSEMBLY

Soviet Foreign Minister Gromyko's speech at the UN General Assembly session on 19 September was one of even tone, devoid of propaganda bombast. He spent much effort trying to identify the policies of the USSR with the peaceful mission of the UN. In the process he seemed to emphasize more than usual the need for expanded UN peacekeeping efforts, and he presented the Assembly with proposals apparently designed to give some force and substance to his remarks.

After paying homage to the UN for averting the outbreak of a new world war, Gromyko noted that peace remains precarious and unstable. He implied that the troubles in Vietnam, the Middle East, and elsewhere were the result of a flouting of UN principles. With respect to the German problem and European security, Gromyko laid down the absolute condition that there can be no advancement toward solution until the existence of East Germany is recognized.

Any mention of Soviet diplomatic activity toward a settlement of the Vietnam situation was avoided. It is noteworthy, too, that the Soviet Union refrained from expressing its usual support for seating Communist China in the UN.

Under the rubric of "consolidating international security,"

Gromyko set out the main tasks for examination and action by this session of the Assembly. He said he was submitting a draft paper to the Assembly covering these matters, which he declared must be addressed to all states, whether UN members or not.

Gromyko saved his punch on arms limitation and disarmament for last. Alluding to previous milestones in limiting the arms race, he said that further measures were needed to match Soviet advocacy of universal and complete disarmament and a halt to the arms race. He pointedly chastised "the enemy" for not decreasing steps toward a strategic weapons build-up. He also said, however, that several important measures of nuclear control "are knocking on the door." He ended by submitting for discussion a convention banning the development, production, and stockpiling of chemical and biological weapons and calling for the destruction of existing stocks.

Gromyko's message was in most respects a standard one. There was, however, the suggestion--in his repeated urgings of a greater effort by the UN to meet the world's problems and in his presentation of specific recommendations--that the USSR wants to enlarge its opportunities for negotiation and detente.

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## LABOR POSING CHALLENGE TO ITALIAN GOVERNMENT

A series of one-day strikes are posing a first test for the two-month-old, minority Christian Democratic government of Mariano Rumor.

The nationwide strikes began on 10 September with the 1.05 million metal workers employed by private industry. The metal workers' contract was scheduled to run to 31 December but the unions denounced it last month in order to advance the date for negotiation of a new one. Discussions for the metal workers' contract, which will probably set the pattern for other labor contracts, began on 8 September but were quickly broken off. Other important sectors involved in 24- and 48-hour strikes because of contract renewal negotiations this fall include chemical, construction, and textile industries. In all, the contracts cover at least 3.5 million industrial workers, about one half Italy's industrial labor force.

With the reconvening of the Chamber of Deputies this week, the government faces inflammatory interrogations on the strike situation.

Thus far, the authorities have contained extremist provocations and only marginal violence has occurred.

The government's major immediate concern is to help obtain a labor settlement conducive to continuing Italy's economic growth, which since World War II has been exceeded among industrial nations only by West Germany and Japan. Management, in both private and national industry, is prepared to grant wage increases of some 25 percent over the next two years. It is more reluctant to grant demands for such union prerogatives as the right to assemble on plant premises during working hours and the right to negotiate piece-work rates.

The unions' power in Italian plants will increase if present demands are granted. Union leaders as well as many politicians are stiffened in backing labor demands by the fear of being outflanked on the left by anarchist "worker power" elements, which reportedly inspired recent serious wildcat strikes.

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## SOVIET GRAIN CROP MEDIOCRE

Although weather conditions will continue to affect the magnitude of the grain harvest during the next few weeks, it now seems likely that this year's harvest will be considerably smaller than that of last year. A spokesman for the Soviet Ministry of Agriculture, apparently alarmed by a recent slowing of already late harvesting work, has found it necessary to assert defensively, "We can firmly declare that there will be no repetition of 1963 and 1965." Both of these were disastrous years for Soviet grain production.

By 15 September grain had been threshed on only 68 percent of the sown area, significantly less than the 90 percent normally harvested by this date. The probability is increasing that harvesting work in Kazakhstan and Siberia will be overtaken by snow and winter storms.

Unfavorable weather dealt its first blows to this year's grain harvest last winter when a combination of intense cold, hurricane-force winds, and inadequate snow cover destroyed an unusually high proportion of the winter grain crop and reduced the potential yield of much of the rest of it. Efforts to compensate for the loss of winter crops by increasing spring sowings also ran afoul of the weather. Spring came late and sowing was completed 10 or more days later than usual. Cool weather also retarded plant growth in most major grain producing areas through

late spring and, in the European USSR, well into July.

As early as mid-June the central committee of the Communist Party and the Council of Ministers evinced concern over harvest prospects by issuing a joint decree aimed at facilitating an unusually large temporary mobilization of trucks and people from nonagricultural sectors to aid in bringing in the harvest. Despite unusual efforts, harvesting began late and has progressed slowly because of unfavorable weather conditions.

During the week ending 15 September, when an acceleration of harvesting work was desperately needed, 12 percent less grain area was threshed than during the preceding week, apparently because the weather took yet another adverse turn. On the 15th, grain remained unthreshed on about one-third of the area.

The USSR has not sought to buy grain from the West this year, possibly because world grain prices are expected to decline further or because of large domestic stocks accumulated in recent years and the anticipated availability of surpluses in some East European countries. There is some speculation that the USSR has requested Bulgaria and Hungary, which have not yet offered the West wheat from their good harvests, to hold their surpluses for other Communist countries that rely on the USSR for grain.

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### SOVIETS CONTINUE BUYING WESTERN CHEMICAL TECHNOLOGY

The Soviet Union is continuing to buy large quantities of chemical equipment and technology from the free world, especially from Western Europe and Japan. Largely because of Soviet ineptness, however, the USSR is realizing less benefit from these purchases than Soviet planners had anticipated.

The total value of contracts signed since 1957 for the import of chemical equipment is \$1.4 billion. Orders in 1967-68 were valued at about \$250 million. These purchases represented one fourth of the total value of Soviet orders for free world machinery and equipment of all types, except ships and marine equipment.

Soviet failure promptly to erect plants purchased from the free world along with other shortcomings in construction and operation has contributed to a decline in capital productivity in the Soviet chemical industry over much of the past decade. Nonetheless, such plants are making a fairly significant contribution to Soviet chemical output. Many of the plants are

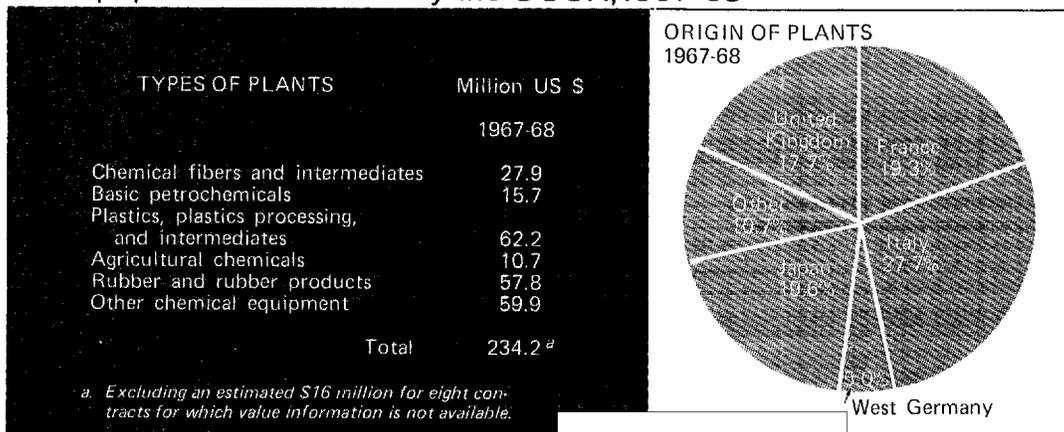
for the production of synthetic materials and fertilizers, areas in which Soviet technology has lagged far behind that of free world countries.

The slow progress of the Soviet machinebuilding industry in providing up-to-date equipment for the chemical industry is forcing the USSR to continue seeking free world chemical equipment and technology. Orders for such equipment are expected to continue at a high level at least through 1972, and annual purchases probably will average at least \$100 million.

Although Western Europe and Japan probably will continue to be the major suppliers, the US share of Soviet orders almost certainly will grow. US know-how and/or equipment is being considered for 15 of 20 chemical plants currently under negotiation by the USSR. If contracts result, the US in most cases will supply technical data and other Western countries will provide the equipment.

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● Value and Origin of Free World Chemical Plants and Equipment Purchased by the USSR, 1967-68



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## EAST AND WEST GERMANS DISCUSS MUTUAL PROBLEMS

Recent talks between East and West Germany on transportation and postal matters mark the first official contacts between the two in several years.

The circumstances and timing of the meetings make it appear that the East Germans agreed to the talks at Moscow's behest. Pankow's action was almost simultaneous with the Soviets' response to an Allied demarche calling for four-power discussions on Berlin and Soviet promotion of East-West German talks on questions of mutual interest. The East Germans appear to be mainly interested in collecting money rather than in solving inter-German problems. Nevertheless, Pankow has left the door open for future discussions that could resolve some issues having political, as well as economic, significance.

After two years of stalling, the East Germans agreed to a meeting with West German Transport Ministry officials in East Berlin on 16 September. The meeting was cordial and businesslike and the East Germans agreed to reopen a short West German railroad spur that cuts through East Germany. The East Germans closed the line in 1967 when Bonn refused to pay an exorbitant charge for past use. The West Germans agreed to pay approximately a third of the original sum demanded plus a stipulated amount for future use.

Both sides agreed in principle to permit inland waterway

traffic to transit each other's territory and continue into third countries. At present, East German barges are prevented from exiting West Germany and continuing into Western Europe, and West German barges may not cross over into Poland or Czechoslovakia from East Germany. Details of the new agreement are to be worked out next month.

West German Postal Ministry negotiators who met with their East German counterparts on 19 September in East Berlin failed to achieve any agreement on Bonn's compensation for Pankow's services. At issue is the question of future annual payments of 30 million West marks. The West Germans for their part hoped to establish an agreed system for balancing inter-German postal and telecommunications payments and to improve services. The discussion was stalemated when Bonn insisted on improvements before making payment and the East Germans demanded payment first.

The West Germans proposed that the next meeting be held in the latter part of October, presumably to prevent the negotiations from becoming an issue in the West German elections. Such timing would also dissociate negotiations from the East German request for admission to the Universal Postal Union during its meeting in Tokyo in early October.

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**MIDDLE EAST - AFRICA**

Israeli jets continued to strike at Egyptian targets across the Suez Canal during the past week, but the Egyptians still mounted military forays. Israeli jets also hit guerrilla bases around the Dead Sea on 25 September, but fighting along the Jordanian front has consisted primarily of fedayeen mortar attacks and artillery duels between the Jordanian and Israeli armies.

The UN announced this week that five of the eighteen truce observation posts along the Suez Canal have been temporarily closed. Danger to observers from firing incidents and encroachment by military forces were cited as reasons for the closures.

Turkish national elections are less than three weeks away, and official circles are increasingly concerned over renewed student violence. The government is determined to keep the lid on student activists to avoid increased tension during the election period. Student extremists, however, may try to exploit recent student deaths to encourage the government to overreact, thus inviting the army to intervene.

Greek Foreign Minister Pipinelis, who has returned to Athens after three months in Switzerland recuperating from a heart attack, is renewing his efforts to move the regime toward a constitutional government.

Ahmadabad in western India remains under army control after a week of unusually severe Hindu-Muslim riots. There are no signs yet that violence will spread to other regions of the country, but the high tension necessitated a 24-hour curfew in Ahmadabad on 26 September. Prime Minister Gandhi flew there on the 25th, cutting short the eastern part of her tour of India.

In East Pakistan, a violent student-government confrontation again appears possible. The compromise on the eve of Education Day last week is being widely regarded as a defeat for the government. In an effort to regain some credibility, the regime has summoned six student leaders to answer charges regarding offenses allegedly committed during the day's activities.

The Nigerian civil war remains stalemated. In the predominantly Yoruba Western State, a series of clashes over the past ten days between farmers, who were protesting high taxes, and security forces has resulted in more than 50 deaths. The situation in the west is embarrassing to the federal government, but does not represent a threat to Nigeria's ability to continue the war.

Haile Selassie University opens on 29 September, and the students apparently are ready to resume their disruptive activities. They have presented new demands to the administration.

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## MIDDLE EAST CONTINUES TO SIMMER

Israel's chief of military intelligence, General Yariv, recently explained to the US defense attaché Israel's rationale for its military action against Egypt. Yariv made two points: first, Israel intended to keep up the military pressure on Egypt; and, second, the fall of Nasir would be a happy byproduct of such pressure. Yariv stressed the point that, although Israeli military operations since 9 September had been a shock to Egypt, both in materiel losses and casualties, they were "not enough" to accomplish Israel's objectives. He said that further "selective" actions were in the offing, particularly helicopter assaults. Yariv said Nasir still was the major and most powerful figure among the radical Arab states, and that he continues to call the shots and prod other Arab states into taking action against Israel. Yariv claimed that as long as Nasir remains, no solution to the Middle East problem is possible.

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In Cairo, Nasir is having his troubles, but they do not appear serious enough to threaten his position. A new wave of military dismissals and civilian arrests has been carried out, resulting in the replacement of the Egyptian chief of staff and other high-level military transfers. This action may have been triggered by the lack of an immediate Egyptian military response to the Israeli raid across the Gulf of

Suez on 9 September. The dismissals, therefore, may have been a gesture to appease the "hawks" in the military who are eager to strike at Israel and could be expected to resent the inactivity during the raid.

Over 100 Egyptian civilians, primarily judges and lawyers, have been jailed in the past few weeks. These arrests, which followed the dismissal of the justice minister earlier this summer, could be part of a campaign against judicial corruption. It could also be Nasir's answer to criticism of his regime, which has been widespread in recent months. Another element of the muddled political scene in Cairo is the recent political eclipse, at least temporarily, of Ali Sabri, a long-time Nasir associate.

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In Lebanon the government and the fedayeen are heading toward new clashes. Fedayeen groups have infiltrated significant numbers of men and weapons into Palestinian refugee camps during the past month. The major fedayeen organizations have also opened "public service

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offices" in the camps, which act as covers for recruitment activities. The army chief of staff thinks the situation has rapidly deteriorated and has set up army observation posts in the vicinity of the camps to preserve security and order.

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Jordan is also experiencing difficulties with the fedayeen. The US Embassy in Amman reports that fedayeen cockiness and disrespect for authority are increasing. The police, most of whom are Palestinian, are unwilling to confront the fedayeen. Over the past few weeks, the police have refused to take action in at least two cases where prominent members of the Christian and Circassian communities were killed by the fedayeen. Nor did they intervene in the kidnaping of a newspaper editor or in a youth riot at a downtown theater and hotel. Furthermore, storekeepers have begun to complain that the fedayeen are taking advantage of the situation to extort greater contributions.

To meet the growing demand for police protection, the government is relying more and more on bedouin security forces. Many ordinary citizens, however, worried over the lack of normal security protection, are arming themselves and some are even setting up their own vigilante units. A number of army officers also are becoming critical of the government's ineffectiveness. The embassy believes that the government must soon take firm action to re-establish its authority or lose the backing of its traditional elements of support.

Jordan repaired the East Ghor Canal on 22 September, and water is again flowing in the irrigation system. An Israeli Foreign Ministry spokesman said that Israel had decided to allow the repair to take place "in consideration of the danger to the crops and soil" of the East Bank area. The spokesman also expressed hope that the Jordanian Government would observe a cease-fire in effect in the area.

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### MUSLIM DISSIDENCE CONTINUES IN CHAD

Chad's persistent insurgency enters its fifth year next month with no end in sight. Paris' growing concern over developments in its beleaguered former colony recently prompted the French--Chad's main source of financial and military aid--to undertake a top-level review of their future course.

The insurgency problem is rooted in the ethnic and religious

antagonism between the Muslim tribes of the eastern and northern provinces and the animist or partially Christianized black tribes of the southern provinces. Since independence in 1960, the central government at Ft. Lamy has been dominated by black tribesmen whom the Muslims regard as inferiors. Maladministration by officials of President Tombalbaye's frail regime and the inability of his weak security forces

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to cope with even simple brigandage have further complicated the situation.

In the north the dissidents are mainly Toubou tribesmen who have traditionally opposed all authority. A year ago, the Toubous' defiance finally forced Tombalbaye to call for help from the French. A sizable military operation eventually restored Ft. Lamy's tenuous hold over the vast Tibesti area, but this month the government's control was challenged anew when Toubous attacked a joint Chadian-French force.

In the eastern provinces, the government's security forces have since 1965 been engaged continuously with armed bands of dissidents drawn from both the seden-

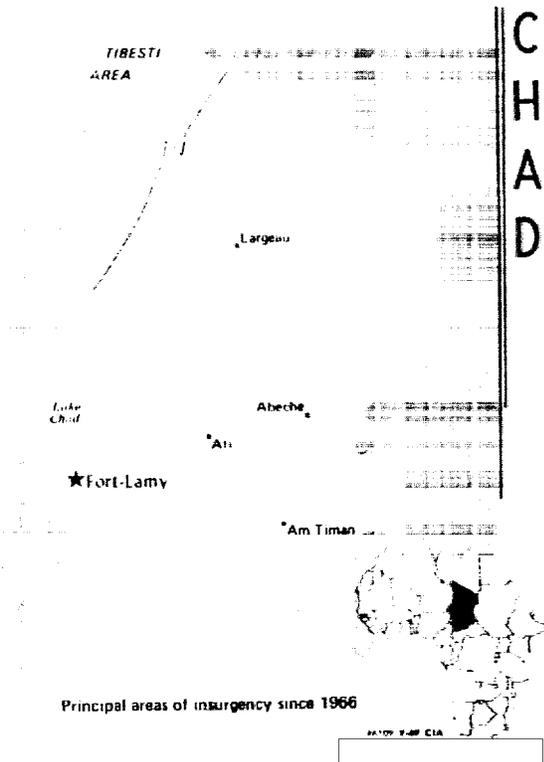
tary and nomadic Muslim tribes of the area. Many of these bands owe allegiance to a shadowy organization called the National Liberation Front of Chad. As in the north, administrative abuses have fed this dissidence and have driven many villagers into the arms of the insurgents. These insurgents reportedly now may be getting better organized and seeking to extend their influence into new areas.

So far there is no evidence that the insurgents in either area have enlisted any significant external support. The establishment of a leftist military regime in Sudan last spring and the overthrow of King Idris in Libya early this month have increased Tombalbaye's concern that one or both of these Muslim states might seek to exploit the current situation in Chad by assisting the insurgents.

In response to new appeals from Tombalbaye, Paris began last spring to increase its military presence. Two companies of Foreign Legionnaires were sent in April, two more this month, and another reportedly will arrive soon. This will bring French forces in Chad--France's main military base in Africa--to well over 2,000 men.

At the same time, France put Tombalbaye on notice that he must make broad changes in the civil apparatus or face cuts in French aid. In response to these pressures, he recently announced sweeping moves aimed at decentralizing authority and permitting greater initiative at the local level. It remains to be seen, however, whether these proposed reforms will actually be implemented.

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## NEW LIBYAN REGIME UNLIKELY TO MOVE AGAINST OIL COMPANIES

Libyan dependence on oil exports in the face of keen competition from other oil-producing nations makes immediate strong actions against foreign oil companies in Libya unlikely. The new regime will probably accelerate the policy of the former government to increase the country's share of oil profits, however, which could affect the financial flow to the US.

The Libyan petroleum operation makes a large contribution to the US balance of payments position. Ninety percent of the oil industry there is American owned and operated, with a total investment of about \$1.2 billion. In 1968 the US surplus with Libya, almost exclusively from the operation of US oil companies, approached \$700 million.

The quantity of Libyan oil imported by the US, however, constitutes only an insignificant share of total US oil consumption. At present about 93 percent of Libyan crude goes to Western Europe. West Germany is the largest single importer. Libyan oil accounts for about one third of imported supplies in West Germany, Italy, and the Netherlands, and 25 percent of the British demand for crude oil.

Foreign oil concessionaries were assured at the outset of the

military take-over that oil operations would not be hampered and, to date, Libyan oil production and exports have not been curtailed or seriously interrupted. Nationalization and operation of the oil industry by Libya at this time are unlikely both because of a lack of skilled technicians to maintain and operate the industry and because of oil marketing problems. It is likely, however, that the new regime will increase the involvement of the Libyan state oil company, LIPETCO, in oil production through joint partnership agreements.

Although petroleum production began late in Libya as compared with other Middle Eastern countries, Libya skyrocketed to fourth among world oil producers and could rank third to the US and the USSR by next year. Oil revenues are Libya's primary source of income, amounting in 1968 to \$770 million of the total \$966 million gross domestic product. Libya is dependent upon oil revenues to finance 60 percent of its food supply and for all non-oil development activity. Oil revenues have also been the source of annual Libyan aid of about \$84 million under the Khartoum agreement, which called for oil-rich Arab states to aid Egypt and Jordan following the Arab-Israeli hostilities in June 1967.

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## GUINEA GAMBLES ON CONTRADICTION POLICIES

On 2 October President Sekou Toure's radical regime will celebrate its 11th independence anniversary along with the inauguration of a \$183-million, Western-financed mining project. Celebration of this large capitalist investment in the economy of socialist Guinea illustrates the conflicting pressures that are forcing Toure to adopt policies which, in the long run, will only add to Guinea's political instability.

Since independence, Toure has pursued a policy of strong central control of the country's political and economic life through a single political party, the Marxist-influenced Democratic Party of Guinea. Rational economic planning has been sacrificed to political expediency, however, and has resulted in the failure of Toure's economic policies. The living standard of the average Guinean is little better today than it was in 1958.

To help solve its economic problems, the government in 1964 signed a partnership agreement with a consortium of Western companies to develop large bauxite deposits in western Guinea. Production is to begin in 1972. Guinea, as owner of 49 percent of the joint development company, expects initial profits to increase its yearly net foreign exchange earnings by about one fourth. Toure apparently believes that such partnership agreements will largely solve Guinea's economic problems and that he thus will not be required to reform

the economy, where unprofitable state enterprises and a nonconvertible currency are retained for political reasons.

To gain time until production begins, the government this year negotiated with Western and Communist creditors the rescheduling of its major foreign debts and also sought help from the International Monetary Fund (IMF). In return, Guinea promised to follow an IMF austerity program, advice previously considered interference in its internal affairs.

While economic necessity has pushed Guinea toward cooperation with the West, political expediency has produced increasingly radical domestic policies. Toure's reaction to popular unrest over economic failures has been more authoritarianism disguised as re-dedication to revolutionary principles. To distract popular attention and to keep opponents off balance, a succession of alleged imperialist plots have been exposed--five this year alone. Following exposure of one such plot in March, Toure moved against moderates in the government and army in an attempt to neutralize them.

The question is how long Toure can reconcile the conflicting pressures generated by his dual program. The bauxite project is of such importance that Toure is unlikely to let radical excesses jeopardize it. Once set in motion, however, the "radicalization" process acquires a momentum which Toure may find hard to check.

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**WESTERN HEMISPHERE**

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In Brazil, the military is still trying to reach a decision on a replacement for President Costa e Silva. [Redacted]

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[Redacted] the army's decision must be ratified by the armed services joint high command [Redacted]

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Unrest has continued in Uruguay as students commemorating the first anniversary of demonstrations against the policies of President Pacheco clashed violently with police in Montevideo on 19 and 20 September. Unrest also continued to be a problem for the Argentine Government. The fourth general labor strike this year is now scheduled for 1 and 2 October, and new violence may occur.

A solution to the political impasse in the Netherlands Antilles, caused when no party gained a legislative majority in the elections of 5 September, may be at hand. The Democratic Party, which has controlled the government for 15 years, is apparently maneuvering to form a coalition government prior to the deadline of 29 September for the installation of a new government. [Redacted]

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## BRAZILIAN TRIUMVIRATE WORKING ON SUCCESSION AND TERRORISM

The government is concentrating on finding a successor to ailing President Costa e Silva and on curbing terrorism.

The military's deliberations on selecting a replacement for the President continued during the week, the leading candidates reportedly being Generals Sarmiento, First Army commander; Medici, Third Army commander; and Albuquerque Lima, director general of army supply. Medici is the choice of the Costa e Silva followers and probably of the majority of generals.

The 63-year-old Medici might be reluctant to accept the presidency, particularly for a long term, because of his health and because of a hesitancy to replace his close friend, Costa e Silva. He would probably do so, however, if he believed this to be the only way to preserve military unity and the country's internal security.

In any case, the army's decision must be ratified by the armed forces joint high command, and consideration may still be given to another candidate, such as General Albuquerque Lima, who has heavy support from younger officers and who is waging a strong campaign for the top post.

The timing of the succession apparently will depend on an of-

ficial pronouncement by the President's doctors on his condition, or on his own decision to resign. The triumvirate's delay probably springs from a desire to select the candidate with the highest possible degree of military support, as well as from the ministers' wish to have the President recover sufficiently to give his blessing to the solution. Although Costa e Silva's close supporters are trying to hold off his replacement, the decision is likely to come in early October. The triumvirate fears that further delay might increase the instability in both political and military spheres. The type of pressure the triumvirate is under is illustrated by an editorial in Rio de Janeiro's progovernment newspaper "O Globo" calling for a rapid replacement for the President, who it said would never be able to return to office.

Urban terrorism remains the government's other most serious problem. On 19 September six young men attacked the Brazilian police unit guarding the US Consulate General in Sao Paulo, wounding two policemen and burning their car. One suspect in the case has been apprehended. Security forces have also made some progress in finding the persons responsible for Ambassador Elbrick's kidnaping. At least three men have been arrested

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## CUBA PUBLICIZES NEW ANTIHIJACKING LAW

Cuba's new antihijacking law, published with much fanfare on 19 September, provides for the punishment, by prosecution or extradition, of any person who hijacks aircraft or ships or otherwise violates immigration regulations. Various stipulations in the law, however, preclude an easy solution to the hijacking problem.

The decision to issue the law probably resulted primarily from a desire to placate world opinion. The recent spate of airplane hijackings in the Middle East and Latin America--particularly those involving Mexican and Ecuadorean aircraft on 26 July and 6 September, respectively--has created an international atmosphere of hostility to which Havana apparently felt obliged to react. Although the latter two incidents caused Cuba much embarrassment, in neither case did Havana consent to demands to return the air pirates.

The new law, however, indicates that Cuba is willing to arrange for the extradition of hijackers on a basis of reciprocal, bilateral treaties. Havana hopes to undercut the OAS policy of diplomatic isolation of Cuba and would welcome treaty negotiations with selected individual Latin American countries as a negation of that policy.

The law is heavily larded with anti-US propaganda. It claims that the "US and Latin American lackey governments

have promoted and encouraged the forces diverting and hijacking Cuban air or maritime ships." The measure is written from the point of view that Cuba is a victim, not a proponent, of hijackings. Colombia's foreign minister has already rejected the possibility that his government would sign an agreement with Cuba on air piracy. Ecuadorean Foreign Ministry spokesmen have reserved comment until after the measure is studied in detail.

A major loophole in the law is Cuba's reservation of the right to grant asylum in selected cases. The decision to grant or refuse asylum would be made by Cuban immigration authorities. Thus, Havana will not be legally bound to return any hijacker despite any extradition arrangements that are negotiated.

Another key facet of the law is Cuba's insistence on addressing the problem of all illegal movement in or out of the country rather than just air piracy. Specifically mentioned was the refuge that the US Navy base at Guantanamo provides to Cuban "fencejumpers," of which there were over 1,000 last year.

Despite the law's shortcomings, the mere fact that Havana chose to publish it may discourage some potential hijackers. Those persons running from personal problems may be less inclined to force a plane to Havana now that the Castro government has gone on public record as being generally unfavorably disposed toward air piracy.

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## ARGENTINE GOVERNMENT FACES CONTINUED LABOR UNREST

Labor unrest continues to be a problem for the Ongania government. Its roots are primarily economic, but political factors are involved. The fourth general strike this year, now scheduled for 1 and 2 October, is likely to increase the hostility between the government and workers, and new violence may occur.

The principal economic issue involved is the government's insistence on maintaining its economic stabilization program in the face of labor's demands for a greater share in the country's wealth. Officials maintain that despite contrary claims by union leaders, there has not been a major decline in most workers' real wages during the past three years, and that in some cases there has actually been an increase.

The distance between the two positions became manifest early this month, when talks on wage increases for 1970 began. Union leaders called for hikes of 40 percent and up, while employers generally limited their offers to 5-10 percent. Management negotiators claimed that they could not offer more because the government had prohibited large price advances from matching wage increases.

Earlier this month, the wage issue and other factors led to labor violence. Workers struck the railroad that links Buenos Aires with Rosario, the nation's second largest city, and other northern areas to protest the

dismissal of employees who had taken part in general strikes earlier this year. Extreme leftists in the union urged that the strike be continued indefinitely, and called for support from other unions.

A sympathy strike by the CGT unions in Rosario on 16 and 17 September paralyzed the city, and clashes between demonstrators and police resulted in three deaths and some \$8 million in property damage. Army troops were called in to protect public services and railroad property, which suffered the greatest damage.

A government decree placing the striking railroad workers, and any others who joined them, under military jurisdiction limited the success of a nationwide railroad strike called in sympathy with the Rosario line employees on 16 September.

Although the government apparently is willing to meet some of the Rosario workers' demands, the strike is not over, and if the authorities take disciplinary actions against the union members it could flare up again.

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## REFUGEE AND TRADE PROBLEMS TROUBLE EL SALVADOR

Despite agreement on a number of important issues, relations between El Salvador and Honduras have not improved substantially. Political pressures for a tougher anti-Honduran line appear to be building in El Salvador. At the same time, political considerations are limiting the ability of the Honduran Government to make concessions.

The Salvadoran Government is coming under increasing public pressure to find some way to force Honduras to open its portion of the Pan-American Highway to Salvadoran transit trade. Salvadoran industrialists have demanded that the government close its borders to Guatemala, Nicaragua, and Costa Rica to force them to put pressure on Honduras. President Sanchez resisted strong cabinet pressure to take this action, but indicated that such a step might be taken in two to three weeks if the problem could not be solved through negotiation. Sanchez is also deeply concerned about the growing mood of frustration and anger stemming from the continued exodus of Salvadorans from Honduras.

The Hondurans have tended to follow a fairly conciliatory pol-

icy. They readily agreed to re-deploy their troops away from the border, to release Salvadoran internees, and to open telecommunication links with El Salvador. The refugee issue and reopening of the highway, however, are politically hot potatoes. President Lopez, worried about his popular image, has been reluctant to oppose public opinion and has not used his prestige to end discrimination against Salvadoran residents or to end the boycott of Salvadoran products.

The Honduran Government has said that it will not reopen the highway until the OAS agrees to set up machinery to process Honduran war damage claims and calls upon El Salvador to begin border negotiations. The government has also indicated that it would enable all documented Salvadoran residents to become naturalized and would facilitate the documentation of Salvadorans illegally in Honduras if they have Honduran families or have "roots" in the country, but that all other Salvadorans would be expelled. In addition, the government intends to control future immigration carefully.

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## BELIZE INDEPENDENCE MOVES WORRY GUATEMALA

Premier Price of British Honduras (Belize) is increasingly insistent on moving toward early independence despite British and Guatemalan warnings that this is not a good time. The major impediments to a workable independence for the tiny colony--Guatemala's unresolved claim to the area and Britain's unwillingness to grant a security guarantee--loom as particularly difficult obstacles during the Guatemalan campaign already under way for the presidential election next March.

The nationalistic rhetoric of the campaign could easily push Guatemala toward a hawkish and totally irrational position. President Mendez and the government's presidential candidate are aware of the implications of focusing on the Belize issue, but cannot afford to exhibit less "patriotism" than the other politicians who have already taken strong stands. The Mendez administration

is clearly determined not to be the government that "sells out" the long-standing national claim to the poor and sparsely inhabited territory.

Premier Price is unwilling to back down on his promise to gain independence in 1970, and he is holding the British to their commitment to grant an independence conference at British Honduras' request. Price may use the Commonwealth Parliamentary Associations Conference scheduled to be held in Trinidad in October to present a formal request for independence. In his latest public speech, Price pointedly described his policy as in no way dependent on or affected by the wishes of Guatemala, whose territorial dispute he regards as strictly with the British. He also regards Britain as morally bound "...to see us through a territorial dispute that is not of our making and to insure us against any form of violence that might beset us."

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