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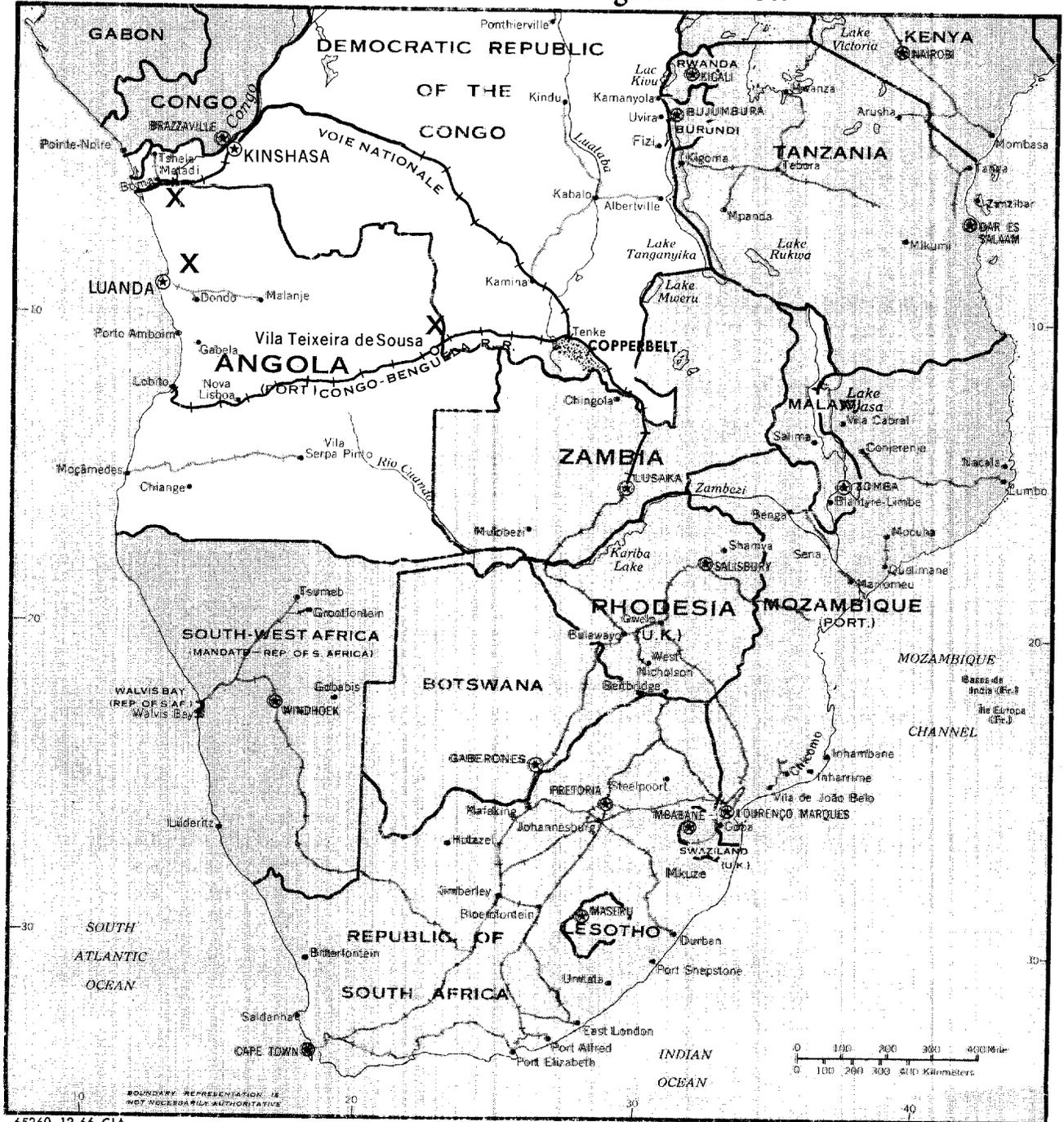
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ANGOLA / CONGO: Locations of Insurgent Action



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2. ANGOLA-CONGO

Portuguese-Congolese relations have deteriorated recently.

On 27 December Lisbon warned of new but unspecified measures to be taken against the Congo as the result of an unusually large-scale border raid by Congo-based Angolan insurgents on Vila Teixeira de Sousa (see map).

Portugal can bring the Congo's trade-oriented economy--particularly geared to copper exports--virtually to a halt. Practically all Congolese trade must pass either over Angola's Benguela Railroad or over the Voie Nationale, which depends on continued dredging of the Congo River by the Portuguese.

During periods of strain in relations with the Congo, Portugal has kept open the possibility that these routes might be affected. In the past, however, even when the insurgent threat was far more serious, the Portuguese have contented themselves with lesser actions, which were sufficient to remind the Congolese of the economic facts of life.

In the present confrontation, Portugal announced that the insurgents had cut the Benguela rail line during the attack, but after a few days it reopened the line to traffic.

The latest incident was preceded in early December by two raids in which 26 Portuguese were killed, the highest weekly total in years. The Portuguese at that time retaliated with a limited closure of the Angola-Congo border. Lisbon's goal is to get Kinshasa to withhold the support which has recently enabled Holden Roberto's Revolutionary Government in Exile to step up its cross-border operations.



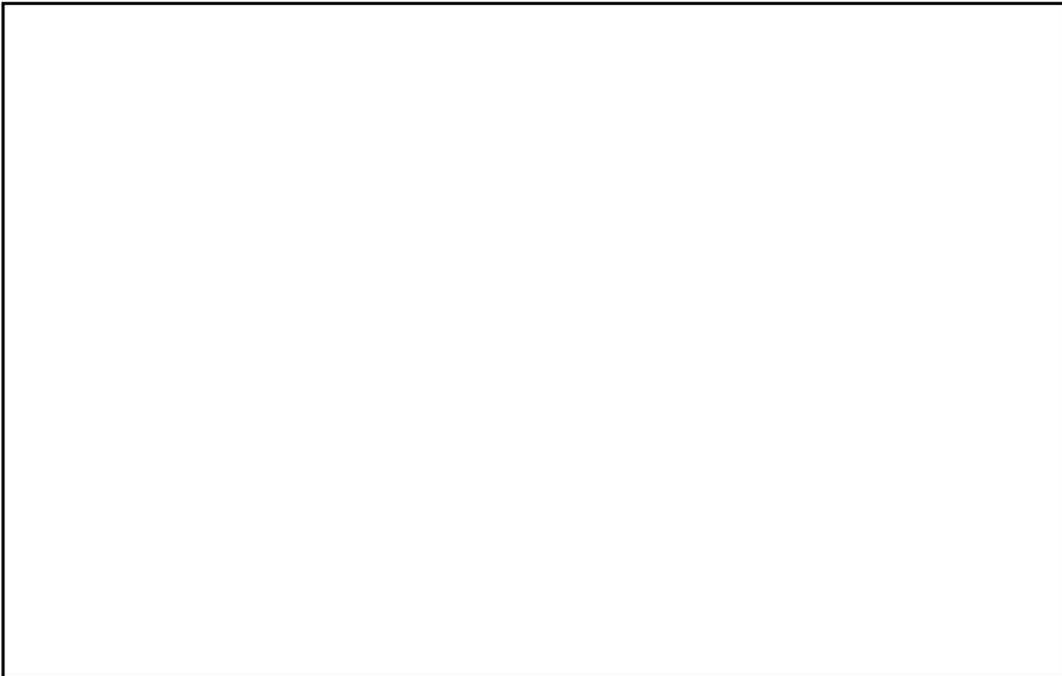
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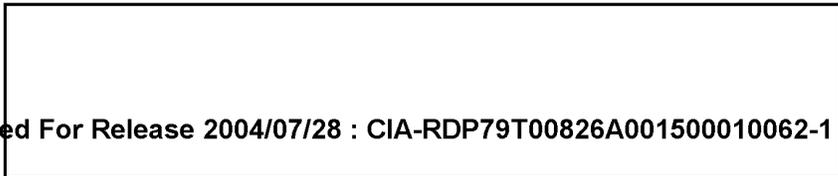
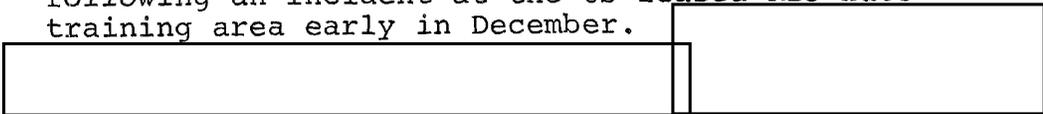


3. PANAMA

Although many key issues remain to be settled, the Robles government is becoming more optimistic about prospects for reaching a canal settlement with the US this year. Foreign Minister Eleta left on a trip to the US on 31 December in an attempt to speed up the negotiations.



Panama City news media--largely owned or controlled by government officials and members of the oligarchy--are giving heavy coverage to the negotiations. At the same time, they are urging the public to avoid "fruitless excesses" on the approaching third anniversary of the Canal Zone riots of 9-11 January 1964 which might adversely affect the negotiations. This is in marked contrast with the emotional anti-US campaign carried by most media following an incident at the US-leased Rio Hato training area early in December.



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