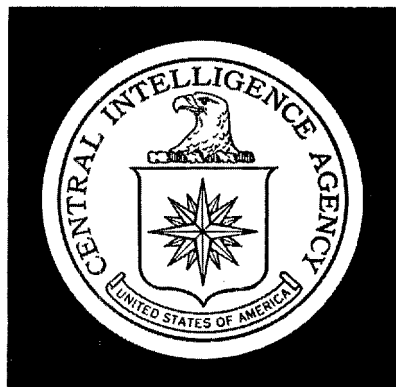


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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Report

Weekly Report

Prepared Exclusively for the

Senior Interdepartmental Group

**Secret**

44

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Approved For Release 2004/07/28 : CIA-RDP79T00826A001500010074-8

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Approved For Release 2004/07/28 : CIA-RDP79T00826A001500010074-8

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C O N T E N T S

Page



25X1

3. Guatemala . . . . .	3
4. Congo-Belgium . . . . .	4

9 January 1967

SECRET

25X1

Approved For Release 2004/07/28 : CIA-RDP79T00826A001500010074-8

Next 1 Page(s) In Document Exempt

Approved For Release 2004/07/28 : CIA-RDP79T00826A001500010074-8

3. GUATEMALA

Since the imposition of a state of siege on 2 November, the army's counterinsurgency efforts have been much more successful.

Guerrilla forces have suffered blows, both from increased casualties and from the denial of peasant support. The security forces have gained confidence from these successes, and the government's antiguerrilla propaganda and its attention to the political grass roots have brought notable popular approval. It recently announced a plan for socioeconomic development of the long-terrorized Izabal-Zacapa region.

Despite the progress made by the army, however, insurgency remains a serious problem throughout the country. Violent incidents have increased steadily, partly in response to military pressure. The army's effectiveness has not been matched by police success in the cities, where terrorists continue to act almost at will. Lawlessness and violence are mounting in widespread parts of the country and are no longer specifically typical of the northeast.

Exiled rightist conspirators, persisting in attempts to provoke trouble for President Mendez, continue their coup plotting [redacted] A more significant danger is the rise of vigilante groups in the countryside who take the law into their own hands to eliminate Communist suspects.

The rapidity with which violence--whatever the motivation--has spread through the country suggests that it may become an important factor in the country's political future. [redacted]

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4. CONGO-BELGIUM

The dispute between President Mobutu and the Union Miniere could be damaging to all parties, especially to the Congo. If their conflict is not resolved, world copper markets may be disrupted and pressure on the US to rescue the Congo from a serious financial crisis will increase. Each side holds powerful weapons over the other.

Union Miniere, through litigation, could probably prevent the Congo from marketing its copper, at least for a few weeks, and might be able to stop the transit of copper across Angola as well. By continuing to interrupt the flow of foreign exchange--as it has done since late December--it can force a reduction of the Congo's imports, thereby disturbing the cash economy and causing discontent among the country's urban Africans and its whites. By ordering a halt in its purchases abroad for the Congo, it could also disrupt the supply pipeline for the mining industry and for Katanga as a whole. Moreover, the company to a limited extent can influence the actions of its personnel in Katanga. Union Miniere's assets outside the country, chiefly the copper already in the marketing pipeline, would make it very difficult for Mobutu to retaliate.

The Congo's principal weapon is its hold over the 40,000 Belgians in the country, a fact of perhaps even greater concern to the Belgian Government than to Union Miniere. In addition, copper is an eminently salable commodity, and despite Union Miniere's harassment the Congo's marketing problems are likely to be relatively short lived. If alternative marketing arrangements were made, Union Miniere would be frozen out of a relatively risk-free part in the copper-producing process.

Thus each side has a stake in fending off a show-down. Mobutu is now at least generally aware of the risks he is running and is searching for a way out. For instance, he apparently has pulled back from his threat to seize the extensive Congolese assets of Societe Generale, the Belgian holding company closely related to Union Miniere, on 15 January. Union Miniere, although so far obdurate, will come under great pressure in the near future from corporations and governments interested either in keeping the copper market stable or in maintaining the Congo's viability. Thus there is still some chance that an arrangement will be worked out.

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