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*South Vietnam: The clandestine Viet Cong Liberation Radio in South Vietnam and Hanoi Radio late last night announced the establishment of a "Revolutionary Administration" in South Vietnam.

The "Revolutionary Administration" purportedly would have authority and administrative power in Saigon and in areas where the Viet Cong have an influence on the people. The purpose of the "Revolutionary Power," according to the Communists, is to act as an authoritative voice to demand the withdrawal of US forces to end the war and to call for negotiations with the Liberation Front. The Hanoi broadcast asserted that "an unprecedented enthusiastic atmosphere is powerfully mounting throughout Saigon city and its suburbs."

This maneuver appears to be a further step in the overall enemy Tet offensive strategy of creating a stronger Communist position within South Vietnam and discrediting the present South Vietnam government.

The Tet offensive--now in its third day--appears to be sputtering. Strong enemy influence is still prevalent in several major provincial capitals but is mostly limited to scattered pockets of resistance throughout the rest of the country.

In the northern half of South Vietnam, Communist main force and local-level units remain entrenched in Hue and the highland cities of Kontum and Ban Me Thuot. New attacks on other key towns yesterday were repulsed, and allied troops are mopping up remnants of enemy forces still resisting in the coastal provinces of South Vietnam's I and II Corps.

Sharp fighting flared at several points in the Saigon area on 31 January and early on 1 February. Within the Tan Son Nhut airfield and headquarters complex northwest of the city allied forces met heavy opposition while clearing out a number of enemy strongpoints. In the capital itself, heavy fighting took place in the race track

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area, near the South Vietnamese Joint General Staff compound, and at several points downtown where enemy forces have established pockets of resistance. [The Viet Cong have held one building in Saigon for more than 30 hours and at last report still held the An Quang Buddhist pagoda.]

In the delta area south of Saigon sporadic fighting continued early on 1 February in several provincial capitals--particularly at My Tho and Ben Tre--but nowhere was the situation completely out of hand.

Preliminary reports of casualties during the current enemy campaign show more than 6,000 Communists killed in contrast to some 575 allied troops killed and 1,700 wounded. Civilian casualties are expected to be high. Although these figures are not complete, the enemy apparently had little regard for losses in their attempt to stage a spectacular countrywide show of force.

Although there has been little evidence of panic in Saigon, various reports suggest increased fear among the population of several other major towns and diminished confidence in the government's ability to provide protection. Wild rumors circulated in some northern towns that President Thieu may have been killed or that the US permitted the Communist attacks in order to convince Saigon to negotiate an end to the war.

While these rumors are likely to subside quickly where allied control has been re-established, there is certain to be extensive residual damage to the pacification program and related activities which have been seriously disrupted in some areas.

Vietnamese Communist propaganda is continuing to give heavy play to the upsurge in military activity and to stress that its size and scope demonstrate the Communist capabilities to stand up to US military power.

Viet Cong action in the two northern provinces of Quang Tri and Thua Thien has received particular attention. In

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a broadcast of 31 January Hanoi reported that the populace of these provinces was supporting the Communist efforts. It claimed that the Viet Cong were in control of Hue and were advancing toward seizing control of both provinces. Viet Cong attacks in Saigon have also been singled out as particularly significant in demonstrating Communist ability to strike at the heart of the enemy camp.

Hanoi has made no attempt to portray the current offensive as the conclusive phase in the Communist struggle although there are a few propaganda claims that it represents a step toward "final" or "total" victory.





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<u>Central America</u>: [The difficulty in electing a new OAS secretary general has become a source of strain among the Central American republics.7

[The lack of consensus is the only certain result of a meeting among the foreign ministers from Panama and Central America held on 26 January. The promoters of the meeting had hoped the ministers could agree on how to force the withdrawal of the three present candidates in favor of a more acceptable one. The foreign ministers will meet again on 5 February in a last-ditch attempt to achieve regional unity before the fifth ballot is taken.

[None of the present candidates can be sure of a clear-cut victory. Another impasse or even a close victory would further tarnish the image of the OAS.]

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NOTES

*USSR-Germany: Moscow has poured more cold water on West German hopes to negotiate an exchange of declarations with the USSR renouncing the use of force. In a note delivered on 29 January, the Russians indicated that Bonn would have to go a long way toward recognizing East Germany as the price of such an agreement. The note, in addition to mollifying the East Germans, will test how far Bonn will go in its eagerness for progress on its eastern policy. Foreign Minister Brandt is evidently determined to continue the dialogue with the Soviets despite this latest rebuff, but support for his efforts within the Bonn coalition is bound to diminish as a result of this Soviet action.]

Poland: The first SA-3 surface-to-air missile site in Poland has been sighted at Brzeg, near Wroclaw in the southwestern part of the country. Like the 22 SA-3 sites recently deployed with Soviet troops in East Germany, the site in Poland is at a tactical airfield. The SA-3 low-altitude air defense missile system probably will be made available to Soviet troops elsewhere in Poland and to the USSR's forces in Hungary. All but a few of the sites in Germany have now received equipment, and missiles have been seen at four sites, suggesting that they are nearly operational.7

France: De Gaulle told departing Ambassador Bohlen that France's embargo on arms to Israel is in effect and gave the impression that it would remain so for a long time. De Gaulle confirmed that France would sell Mirages to Iraq, since it was not in his eyes a "battlefield." He indicated, however, that it would be some years before the planes would be produced. Iraq's President Arif arrives in Paris on 7 February, and arms sales are expected to figure prominently in talks then.

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