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JORDAN: The army seems to have the upper hand in Amman, although stubborn fedayeen resistance continues.

Small-arms fire and artillery could still be heard last evening in Amman. Fedayeen radiobroadcasts claim that the commandos still control Wahdat camp, the city's largest refugee camp where at least some of the hostages are thought to be held, and several other quarters of the city; Amman radio, meanwhile, continued to list areas of Amman where "law and order" had been restored.

Army commander in chief Majali said last night that his men were in almost full control of Amman. He offered the commandos the opportunity to leave the city freely with their arms if they would go to the Jordan River where they could fight side by side with the army against Israel. The fedayeen, however, rejected the offer and pledged to fight until "victory or death."

'Liberated Area' Created

Fedayeen radiobroadcasts last night announced the creation of a "liberated area" in north Jordan which includes the districts of Balqa, Jarash, Ajlun, and Irbid. Administrative governors have been named for each of these districts and are to have at their disposal all fedayeen military forces in their areas, while the forces of the entire northern area are to come under a newly appointed commander in chief. Subsequent broadcasts urged the inhabitants of the north to go back to work, called on the army to join the revolution, and demanded that "agent elements" surrender their arms

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Damascus radiobroadcasts continue to speak of decisions by Syria's Baath Party to devote "all of the party's and the country's resources to protecting the Palestinian Arab revolution," but there have been no indications of Syrian troop movements. The former chief of Israeli military intelligence has been quoted in the press as saying that it would be "impossible for Israel to stand idly by should Iraq and Syria intervene in the fighting in Jordan."

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According to press reports, the Syrian chief of state summoned the Egyptian ambassador and told him that "it is Egypt's weight alone which can now save the situation." An Egyptian radiobroadcast has reported that the Egyptian chief of staff flew to Amman yesterday with a joint message from Nasir, Qaddafi of Libya, and

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Numayri of the Sudan. Its contents were not disclosed, but other press reports indicate that the three leaders plan to meet in Tripoli within "the next few days" to discuss the situation in Jordan. They may be joined by other Arab leaders; Egyptian broadcasts also report preparations for a meeting of "Arab kings and heads of state" to be convened in Tripoli soon. The Arab League, meeting in Cairo yesterday, has requested that the "massacres be stopped immediately and unconditionally," and has indicated that the League will remain in constant session to observe the situation.

Hostages

There has been no <u>authoritative word on the</u> welfare of the hostages

General Majali has ordered that the Jordanian armed forces and security forces, as well as the fedayeen and private citizens, are "directly responsible" for making sure that foreigners in Jordan are not harmed, saying that anyone who violates this order will be subject to the strictest penalty by court martial.

An official spokesman for the Popular Front for the Liberation of Palestine (PFLP) in Beirut told a US Embassy official yesterday that despite the shooting in Amman, the release of the hostages could still be arranged if the Bern group, jointly or individually, announced agreement in principle to the PFLP's terms--release of the seven commandos being held in European countries, and Israel's agreement to release one Swiss, two Algerians, and ten Lebanese. Israel must also announce its willingness to negotiate the exchange of the hostages for a number of prisoners held in Israel. The spokesman said that the hostages could be released within 24 hours if these terms were accepted.

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NORTH VIETNAM: The new Viet Cong peace proposal advanced yesterday in Paris reflects no softening of the Communist position.

The Communists' two basic demands—a US commitment to full withdrawal and a new government in Saigon—are unchanged. The new proposal says that if the US agrees to get out by June 1971, the Communists will not fire on the troops as they leave, a gesture they have suggested many times in the past. This is the first time the Communists have assigned such a specific date, however.

In fact, two points of the new eight points are both more explicit and unyielding than the ten points of May 1969. The Communists now say flatly that Thieu, Ky, and Khiem must be eliminated from talks about a political settlement and from negotiations for a coalition government. They also make a cease-fire for all forces in South Vietnam contingent on the signature of a general peace settlement. The ten points had fuzzed the question of Thieu and his associates and had left open the possibility of a cease-fire before a general settlement.

The only new sweetener in Madame Binh's proposal is an offer to talk about the release of Communist-held prisoners. The language used on this issue is vague enough to include prisoners held by Hanoi, and a North Vietnamese spokesman at a press briefing following the formal session acknowledged that the Viet Cong proposal covers pilots captured in North Vietnam.

Such a package seems aimed at increasing pressure on the governments in Saigon and Washington by appealing to the peace sentiment in both countries. The Communists may also believe that the prisoner issue offers the kind of incentive that is needed to encourage US concessions on other issues.

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INTERNATIONAL AVIATION: Several governments are having problems with the US proposals to be offered at today's special session of the International Civil Aviation Organization (ICAO) Council.

The US will ask the council to adopt a resolution calling for joint action by ICAO member states to suspend air service to nations that detain passengers, crew, or aircraft or fail to extradite or prosecute hijackers who engage in such international blackmail. The draft resolution also directs the ICAO legal committee to draw up an international air transport sanctions convention when it convenes late this month.

France, Canada, West Germany, Australia, and Belgium have expressed a variety of concerns over the US initiative. They believe bilateral civil air agreements cannot be legally abrogated through such multilateral actions in an international agency. A more pervasive, although often unstated, concern is the effect of a boycott on the transport companies and other economic interests in the Middle East. These governments have noted the threat of the Arab Air Transport Federation to take countermeasures against foreign firms boycotting Arab airports or airlines.

MEXICO: President-elect Luis Echeverria is deeply concerned about Latin American developments as a whole, in contrast with his satisfaction over the state of US-Mexican relations.

In a recent meeting with the US ambassador, Echeverria said he believes that extremism is causing a deteriorating situation in the hemisphere and sowing the seeds of future upheavals. He expressed deep reservations about president-presumptive Allende in Chile and indicated doubts about the administrations in Peru and Bolivia. Echeverria sees much of the world turmoil as part of an extremist plot "probably directed from Communist China." He cited in particular past student demonstrations in Mexico and recent Black Panther activities in the US.

With this view of the international scene, Echeverria says he is determined to keep Mexico on a center course and not to permit student activity or other agitation to force his administration either to the left or right.

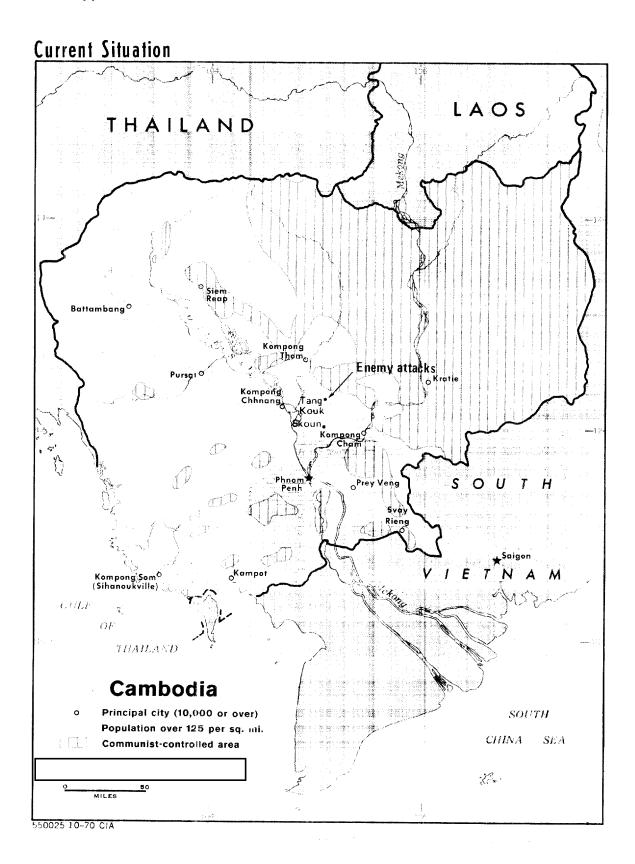
Echeverria, who will assume the presidency on 1 December, is scheduled to visit Washington in November, when he hopes to meet with senior US officials. Echeverria told the US ambassador that he is very well satisfied with the progress toward resolving border problems and with US-Mexican relations in general.

GUYANA: A Communist-inspired strike has brought the sugar industry to a virtual standstill and may precipitate violence.

The People's Progressive Party (PPP) apparently intends to push its bid to become the sole representative of the sugar workers. PPP leader Cheddi Jagan apparently sees an opportunity to improve his political position, which has declined seriously in the past few years. He may be willing to send the economy into a decline, hoping that ensuing difficulties would offer him additional opportunities to regain power.

The recent PPP conference clearly showed that the party was suffering from low morale, apathy, poor organization, and lack of funds. Party officials probably believe that halting the sugar harvest would offer a good opportunity to regain some of their lost power. The fact that Prime Minister Burnham is still out of the country on a tour of African nations may have encouraged Jagan to challenge the government at this time.

It is unclear how far Jagan intends to push the government. The sugar crop is of vital importance to the nation's economy, and the government may decide it is more advantageous to negotiate with Jagan than to fight him. Acting Prime Minister Reid, however, has alerted the security forces. Any labor violence would be aggravated by racial animosities between the predominantly East Indian labor force and the largely negro security forces.



NOTES

CAMBODIA: Elements of the Cambodian Army task force strung out on Route 6 between Tang Kouk and Skoun repulsed enemy probing attacks yesterday, but again failed to advance farther north. The government is moving additional forces to the area, however. Two government battalions have already been sent from Skoun to provide security along Route 6 in an attempt to keep it open. Two battalions from Kompong Chhnang are scheduled to join the task force today. Phnom Penh also has alerted three battalions at Prey Totung to help out, if necessary. Meanwhile, another river convoy arrived in Kompong Thom city yesterday bringing additional food and ammunition.

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WEST GERMANY - HUNGARY: The first long-term trade agreement between the two countries has been initialed in Bonn. Although specific details are not yet available, the agreement is retroactive from 1 January 1970 and is valid for five Both parties reportedly agreed to expand economic, industrial, and technical cooperation as well as trade. A mixed commission will be formed to implement the agreement, expected to be signed during Economics Minister Schiller's visit to Budapest next month if a mutually satisfactory reference to West Berlin is found. Agreement on trade exchanges for this year, which was reached earlier this month, is expected to permit an expansion of trade by up to 25 percent over last year's level of \$195 million.

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URUGUAY: The Tupamaros seem ready to release their American hostage in exchange for the publication of a political manifesto. An alleged terrorist communiqué with a five-page manifesto attached was distributed to the Uruguayan media yesterday but was quickly confiscated by police.

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According to the communiqué, Claude Fly, who was kidnaped on 7 August, is under "medical attention" and would be released if the manifesto were publicized. President Pacheco might comply with this demand, as it would not weaken his publicly declared policy of not negotiating with the terrorists. No terms were given for the release of the other hostage, Brazilian diplomat Aloysio Gomide, who has been held since 31 July.

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BRAZIL: On 15 September terrorists from three subversive groups stole about \$100,000 from an armored truck in downtown Sao Paulo; this was the second largest robbery in Brazilian history. The three groups are the National Liberating Action, the Popular Revolutionary Vanguard, and the Tiradentes Revolutionary Movement. An increase in such joint operations appears likely because of the security forces' successes against leftist extremists during the past year. The National Liberating Action probably has been hardest hit by the police campaign, but it reportedly now has recovered to the point of being able to engage again in urban guerrilla activities.

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