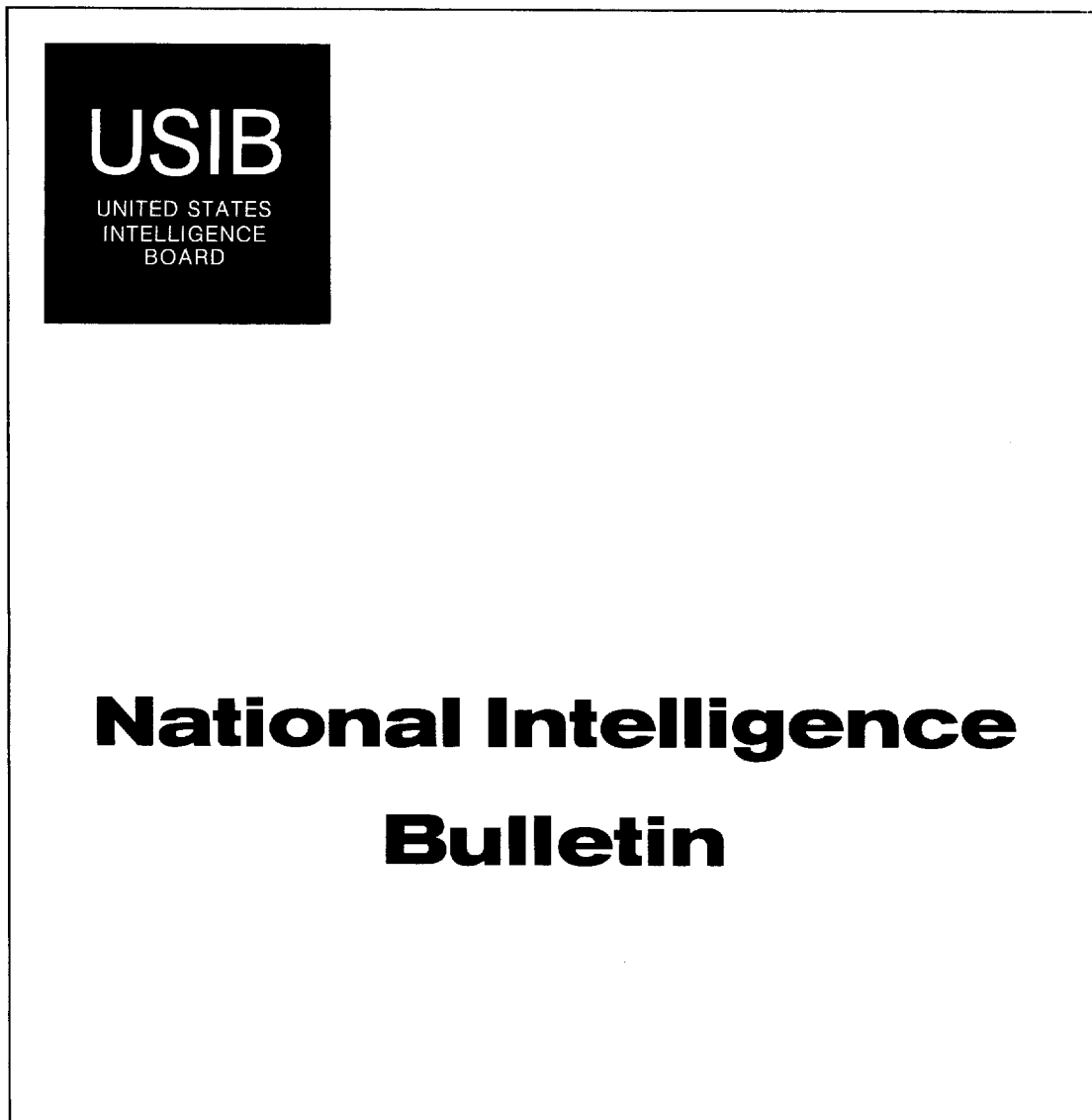


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MBFR

Nearly all the major West European participants now seem to agree that the West should at least reconsider the substance and tactics of its bargaining position in the Vienna force reduction talks. The West Germans and the Dutch are the latest to discuss changing the Western negotiating position.

The basic objective of the West is to obtain an agreement that would establish an overall balance between NATO and Warsaw Pact ground forces in Central Europe. The West has proposed that a "common ceiling" of about 700,000 men be imposed on ground forces. The NATO allies have argued that reductions should be made in two phases, and that only the US and the USSR should participate in a first phase. Tactically, the allies have concentrated their efforts on obtaining acceptance of this phased approach.

The USSR and its allies have consistently rejected the common-ceiling concept because they would have to reduce more than the NATO allies. They have also stressed that all participants must take part in each phase of the reduction process. The two sides have been unable to reconcile these differing views, and the talks in Vienna remain deadlocked.

The Soviet side apparently is not disturbed by the impasse and seems content to play a waiting game. Several of the West European states, however, are under domestic pressure to reduce their armed forces. They hope to be able to do so in the context of a force reduction agreement, and are growing increasingly anxious that one be concluded.

A West German Foreign Office official has privately told a US official that Bonn is considering various ways to include West European forces in a single phase of reductions. His imprecision in describing the details of one of these alternatives suggests the West Germans

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are still formulating their views. The West German said Chancellor Schmidt might want to discuss the alternatives when he visits Washington on December 4 and 5.

A Dutch diplomat acknowledged last week that his government is already considering suggestions for changing Western tactics. He added that some officials in The Hague are wondering whether the emphasis placed by the West on the two-phase approach has not become a "sacred cow." The Dutch have made clear that they wish to reduce their forces soon.

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With the exception of the Belgians, who have raised the issue in various Western capitals as well as in Vienna, none of the West Europeans has formally suggested revision of the NATO approach. The growing dissatisfaction with the present stand suggests, however, that formal proposals may be made in the near future, probably after the Vienna talks recess in mid-December.

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USSR-US

The Soviets are stressing the significance of the Vladivostok summit talks beginning tomorrow. They are expressing optimism that the talks will strengthen US-USSR relations and give a fresh impetus to international detente.

Moscow has stayed away from speculation on possible specific agreements, but has reported President Ford's stated hope that the summit will permit further progress on strategic arms limitations.

On Wednesday, Pravda reported President Ford's support of the trade bill now before the US Congress, and Literaturnaya Gazeta quoted officials of the Republican and Democratic national committees, as well as other Americans, who have welcomed improved US-Soviet relations and prospects for increased trade. The previous day, Deputy Foreign Trade Minister Manzhulo warned in Pravda of the possible consequences should the US fail to grant the USSR most-favored-nation status. He observed that "relaxation and discrimination are difficult things to make compatible."

A Radio Moscow commentary in English beamed to North America on Wednesday emphasized the Soviet people's "deep and authentic" interest in the summit. Echoing leadership statements, Soviet media acknowledge that the more "influential ruling groups" in the US support detente, but the media continue to ascribe dark designs to "still-powerful reactionary forces."

The Soviets have reacted to recent charges that the USSR is violating the 1972 SALT accords. In an unusually explicit rebuttal last week, Deputy Defense Minister Tolubko, commander of the strategic rocket forces, denied any Soviet wrong-doing. He described the charges as fabrications by enemies of detente. The Soviets have noted the Pentagon's denial that either the USSR or the US is violating the interim agreement.

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In recent weeks Soviet propaganda has been critical of the US role in the Middle East, in part to reassure the Arabs of continued Soviet support on the eve of the summit, and in part to show that Moscow still thinks the US has not been sufficiently sensitive to Soviet interests in the area.

A commentary in Izvestia on Wednesday was highly critical of the Sinai and Golan disengagement agreements and asserted that Israeli "warmongering" is being facilitated by an "uninterrupted flow of modern weapons from across the ocean." [redacted]

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National Intelligence Bulletin November 22, 1974INTERNATIONAL COPPER

The announcement by the Intergovernmental Council of Copper Exporting Countries of a 10-percent cutback in copper exports by member nations is the first step taken by this group to raise prices. World copper prices have slid over the past seven months from \$1.52 a pound to about 65 cents.

Although the council--Chile, Zambia, Zaire, and Peru--did not announce a price goal, 80 cents a pound was mentioned by its director prior to this week's meeting in Paris. Chile has already announced a six-month shutdown of one mine as a step toward meeting its commitment. One council member says the 10-percent cutback will be increased if prices do not respond.

A 10-percent cut, if maintained, would reduce sales by about 230,000 tons over the next 12 months. Production in the first 11 months of this year was about 300,000 tons greater than demand, and stocks and inventories have been rebuilt since a heavy demand for copper depleted stocks in 1973. The addition of an estimated 260,000 tons of new mining capacity in non-council countries will have a further depressing effect on prices next year.

The four council countries may be reluctant to make further cutbacks in the face of rising production by other copper producers and slackened world demand. Barring further cutbacks, a sustained rise in copper prices is unlikely.

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ALGERIA-IRAN

Algiers and Tehran have taken the first step toward organizing gas-exporting countries under OPEC auspices. During meetings early this month in Algiers, Iranian and Algerian experts worked over the fine points of a high-level agreement reached earlier on coordinated action in the marketing of natural gas. If they act together, the two countries will be a strong force in negotiating gas prices since they control the major share of Middle East reserves. Iranian gas reserves may be the largest in the world.

Both Tehran and Algiers apparently want to bring other gas producers into the scheme. At the end of the recent meeting, their delegates raised the idea of bringing the matter up at an early OPEC meeting. In that forum, they probably would get support from current or prospective gas exporters such as Libya, Indonesia, and Nigeria.

The Shah probably will be the strongest backer of a gas exporters' cartel. He is counting on gas revenues to help finance Iran's ambitious development programs. The Shah has long been critical of the disparity between gas and oil prices, and he will use this argument in urging other countries to work collectively for higher gas prices. [REDACTED]

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GREECE

The new Greek government formed yesterday by Prime Minister Karamanlis is made up of older technicians and veteran politicians--most are over 60--drawn only from his New Democracy Party.

Holdovers from the previous cabinet include Foreign Minister Bitsios, a career diplomat who replaced George Mavros in that post only recently, and Minister of Defense Averoff and Minister of Public Order Gikas, both of whom have good relations with the military. The key economic ministries are held either by technicians or by politicians without previous ministerial experience, suggesting that Karamanlis will take the lead in this area. It is a cabinet unlikely to challenge Karamanlis' authority or send off mixed signals, as was the case when Mavros was foreign minister.

The opposition parties that Karamanlis defeated so handily are blaming each other for their poor showing. The Communist United Left and Mavros' Center Union - New Forces claim that Andreas Papandreou's new Panhellenic Socialist Movement was a divisive force that drew votes from their constituency on the left. Papandreou's party, which received 13 percent of the vote, has accused the left and Center Union of contributing to New Democracy's victory by giving Karamanlis moral support.

The US embassy believes that Papandreou's reckless rhetoric during the final week of the campaign drove undecided middle class voters seeking a calmer political atmosphere into the Karamanlis camp. It views the poor showing by Papandreou as an indication of Greek unwillingness to accept his program for a socialist, nonaligned Greece, outlined as it was in the lurid language of class warfare and conspiracy.

Papandreou's political future does not seem promising. He will have to develop a program to attract more middle class support if he is to widen his constituency to include more than students, radical workers, and intellectuals.

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FRANCE

The wave of strikes that has swept France in the last few weeks has produced a standoff between the government and labor, but unpredictable rank-and-file workers could upset the precarious balance.

Strikes called as part of the leftist unions' "national day of action" on Tuesday fell short of labor's expectations, but a march in Paris was massive and successful. Government spokesmen, playing the strike in a low key, have maintained that the government will continue to fight inflation while trying to ensure that necessary sacrifices will be equitably divided. At the same time, the government has indicated that it will open negotiations for 1975 contracts next month--ahead of schedule--and that it is prepared to make some concessions to postal workers, whose five-week strike has caused the most disruption.

The government's firmness is dictated as much by economic considerations as by political calculations. The economic goal is to protect the integrity and effectiveness of the austerity policy. French officials believe that the unions' failure to draw greater support will allow a three- to four-month respite until economic conditions improve and allow the government to soften its program and regain the initiative. Politically, the government's narrow electoral mandate has made it sensitive to any opposition effort to influence economic policy.

In the government's view, a firm stance is still possible because neither union leaders--especially the Communists--nor rank-and-file workers are ready for a real confrontation. The Communist-dominated labor confederation, a major instigator of the strikes, is probably more interested in trying to reaffirm its dominance of the 17 percent of French labor that is unionized than in challenging the government. The union's actions parallel recent efforts by the Communist Party to assert its dominance over the Socialists in the left alliance.

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Fearful of unemployment, most workers are not willing to strike until the issues affect their jobs directly. Their reticence is reinforced by substantial wage increases that have more than compensated for the erosion of purchasing power caused by inflation. The most adamant strikers now are workers in the public sector, whose jobs are secure.

The government's strategy has serious risks, however, if carried too far. Its anti-inflation program has deprived it of room for maneuver, and a resumption of the government-labor dialogue will not be easy. Moreover, the continuing strike by 76 percent of the mail sorters is a major complication. These workers include young students, workers with second jobs, and highly politicized leftists who do not respond to union discipline. If the government's austerity program seriously affects job security and the standard of living, the behavior of a larger proportion of the rank-and-file workers will also become increasingly unpredictable.

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ZAIRE-PORTUGAL

Portuguese Foreign Minister Soares will visit Zaire within the next few days, according to the US embassy in Kinshasa. The embassy expects Soares will meet with Zairian President Mobutu, Holden Roberto, leader of the Zairian-based National Front for the Liberation of Angola, and Jonas Savimbi, head of the National Union for the Total Independence of Angola.

Mobutu probably is anxious to meet with someone of authority from Lisbon. He may be concerned by Roberto's charges that Portuguese authorities in Luanda, who appear to be directing the Portuguese effort to decolonize Angola, are preparing the way for a takeover by Agostinho Neto. Mobutu strongly opposes Neto, leader of the Popular Movement for the Liberation of Angola.

As a gesture of confidence, Zaire has agreed to allow Lisbon to open a consulate general in Kinshasa. The Portuguese have maintained a discreet presence in the Zairian capital since early 1970, when an interests section was established in the Spanish embassy. Zaire is not likely to establish full diplomatic relations with Portugal until Angola's independence has been worked out.

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FOR THE RECORD

Portugal: Prime Minister Goncalves returned to Lisbon yesterday from a "rest trip" to northern Portugal amid continuing rumors of his mental exhaustion and resignation. The US embassy in Lisbon has been unable to confirm or deny the rumors. The tensions that developed within the governing Armed Forces Movement last week and the attendant speculation about the government's future have subsided, aided by the media, which have been emphasizing the return to normality. [redacted]

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Cyprus: At a press conference in London yesterday, Cyprus' acting President Clerides announced that he will attend a meeting with Archbishop Makarios and Greek Prime Minister Karamanlis in Athens between November 28 and 30. Clerides also said Makarios will return to Cyprus during the first week in December. At the meeting in Athens, the three leaders will discuss Makarios' return to Cyprus, the negotiations, and what role Clerides will play in them. [redacted]

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Dominican Republic - OAS: Dominican President Joaquin Balaguer has apparently fired Foreign Secretary Victor Gomez Berges for voting at last week's OAS meeting in Quito in favor of lifting sanctions against Cuba. Balaguer reportedly had instructed Gomez Berges to cast a positive vote only if it appeared that the resolution was certain to pass. Fabio Herrera Cabral has been named interim foreign secretary. [redacted]

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Communists Plan for Heavy Military Action in South Vietnam

The Bulletin today prints an assessment by the intelligence community of information recently received concerning Communist military intentions in Vietnam.

The Communists are preparing to launch a new round of heavy fighting next month [redacted]

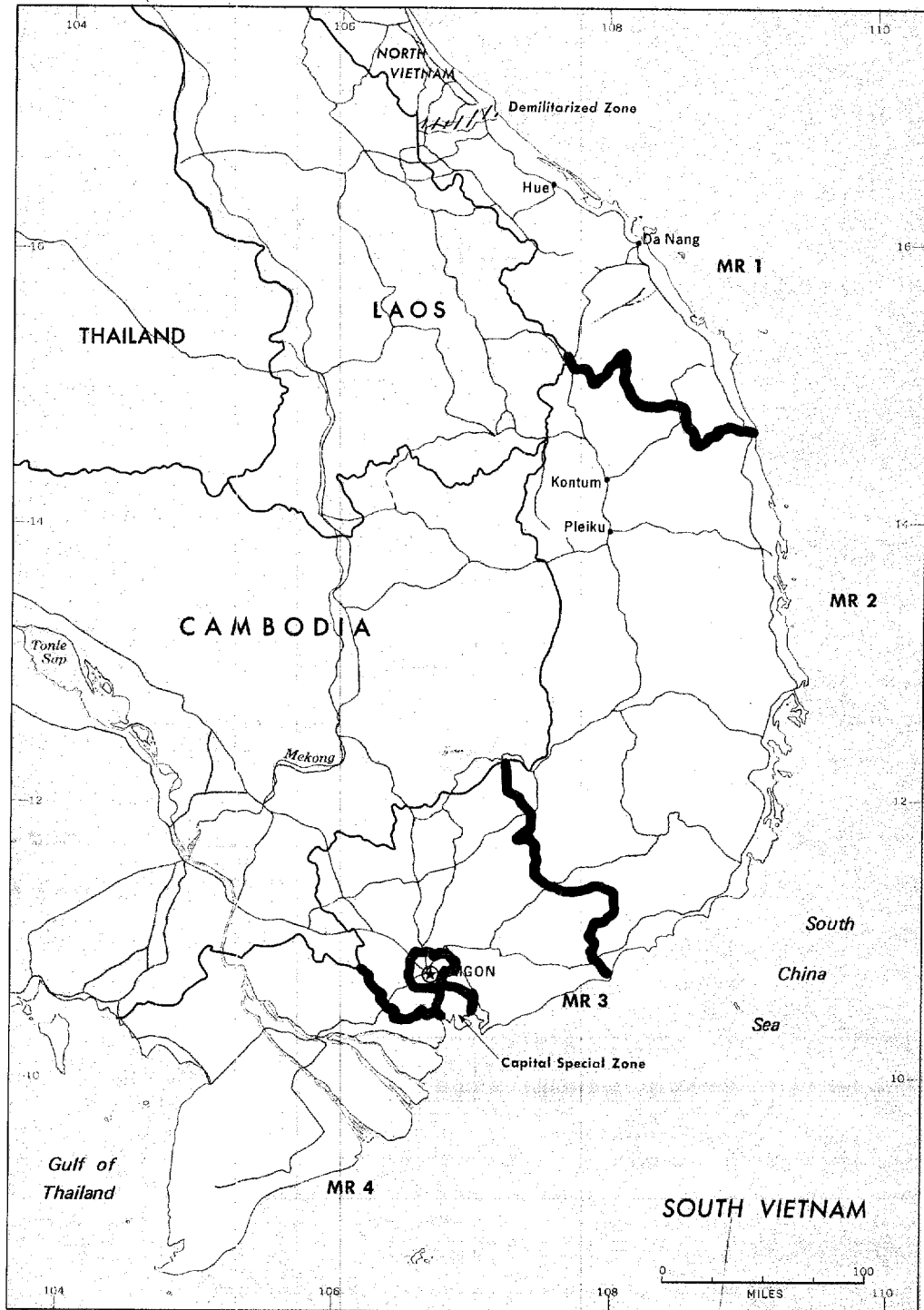
[redacted] Instructions for 1975, recently issued by the Central Office for South Vietnam, outline a Communist dry season campaign running through June, which could amount to the most serious military test for Saigon since the cease-fire.

These instructions call for widespread and heavy action, apparently to achieve a maximum shock effect, throughout much of the South Vietnamese countryside during the "first days" of the campaign. Subsequent action is to be concentrated in a relatively few "vulnerable" areas. The instructions emphasize that the campaign must get under way as soon as possible--between early and late December--in order to maintain the element of surprise and preempt any possible attacks by the government during the dry season.

The COSVN guidelines appear to prescribe a level of fighting during this initial phase below that of the offensive in 1972. They suggest, however, that the Communists may be prepared to commit the forces and firepower already in the South more fully than they did during last summer's fighting in the hopes of achieving some quick and dramatic victories.

Specifically, the instructions call for "intense" fighting in central South Vietnam and the commitment of all Communist units in Military Region 3 to offensive action in the provinces around Saigon. The Communists hope this will force the government to pull one of its divisions out of the Delta.

The COSVN guidelines do not cover Hanoi's military plans for northern South Vietnam, an area where Hanoi's strategic reserve could be brought to bear with relatively little warning. Although the bad weather conditions that persist in this area during the winter do not



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favor heavy enemy action, the Communists could mount enough pressure in the north to prevent the redeployment of government forces to more active battlefronts. They may be prepared to strike hard, once the weather improves, in order to follow up the Communist campaign further south or to exploit any major government reverses that might occur.

The sudden intensification of military pressure called for in the COSVN instructions would probably result in numerous tactical reverses for the government, especially if the Communists made full use of their tanks and artillery. We do not believe, however, that such a campaign, utilizing forces at hand in the South, would decisively change the present strategic balance in South Vietnam.

The Communists probably would be able to make and sustain major gains in only one area--the central highlands. The North Vietnamese could probably isolate and bring heavy pressure to bear on either Kontum city or Pleiku city, should they choose to make the effort. Communist forces elsewhere in central South Vietnam could tie down government forces by threatening population centers along the coast.

The North Vietnamese could also use their firepower to capture some additional territory in the provinces north of Saigon, but they do not appear to have the forces necessary to sustain a protracted drive. After some initial losses in this area, government resistance would probably stiffen and Saigon would retain control over the bulk of the people and the economically important land. The Communists could expand their holdings in the Delta, but the government has the edge militarily in this sector and should emerge from the fighting there retaining control of most of the population.

Fighting of the magnitude described in the COSVN guidelines would appear to be within the framework of the strategy Hanoi adopted toward South Vietnam following the cease-fire. Past North Vietnamese Central Committee resolutions and the party's propaganda line indicate that this strategy assumed the Thieu government

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could eventually be forced into making significant political concessions to the Communists. It was foreseen that this would stem in part from the decline in American material support and interest in Vietnam and in part from carefully measured Communist military pressure on government forces--pressure below the level which would risk American military reinvolvement.

COSVN's instructions and an analysis of current North Vietnamese propaganda strongly suggest Hanoi still hopes to use the cease-fire accords to its ultimate advantage, rather than return to a total war posture and commit strategic reserve forces to an all-out offensive in the South.

The instructions make it clear that the Communists are still affirming this gradualist approach. The guidelines present two options open to Hanoi:

--Escalation of pressure on the "military, economic, political, and diplomatic fronts to topple the Thieu government"; or

--"If the enemy refuses to implement the Paris Agreement according to our view and prolongs the war, then we will meet war with war."

The guidelines clearly come down in favor of pursuing the first option, and refer to the second one as a "remote possibility."

Lying behind this reaffirmation appears to be a judgment by the leaders in Hanoi that their post - cease-fire strategy is finally beginning to show signs of success. Hanoi's propaganda has been vigorously touting the recent public manifestations of opposition to Thieu in South Vietnam, and, as might be expected, has been egging it on.

The North Vietnamese leaders have almost certainly decided that a further, if still measured, increase in military action would serve to encourage popular agitation in the South. North Vietnamese propaganda has indeed begun to talk about the need for "encouragement" of the "urban struggle" through military victories. The COSVN guidelines do not forecast that victory in the South can be achieved in 1975. They do, however, state that "the objective in 1975 is fundamentally to defeat the enemy's rural pacification program and bring about the conditions to help us achieve total victory in 1976."

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