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January 25, 1975

CONTENTS

CAMBODIA: The military situation. (Page 1)

<u>UK-CSCE</u>: British now advocating speed and compromise in Geneva. (Page 2)

25X1

25X1

SOUTH VIETNAM: Situation report. (Page 9)

25X1

25X1

BURMA: Army and police still being used to prevent further violence. (Page 13)

ARGENTINA: Government-sponsored, right-wing group attacks newspaper plant in Cordoba. (Page 14)

ISRAEL: Tourism down in 1974, Tel Aviv expects improvement this year. (Page 16)

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25X1

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CAMBODIA

A second Mekong River convoy began the 60-mile run upriver to Phnom Penh today.

The convoy reportedly consists of two tankers, two ammunition barges, and a large Cambodian navy escort; two coastal steamers carrying rice refused to depart at the last moment. The size and nature of the convoy will make it more vulnerable to Communist shellings. It will, however, be well protected by shield barges and will again be provided air cover. Seven Cambodian river pilots should be aboard the convoy.

The security situation along the lower Mekong remains unchanged. Government troops still hold several recently established beachheads south of Neak Luong-including one at a river narrows. Insurgent forces, however, hold most of the riverbanks along the lower reaches of the river, and they are keeping heavy pressure on government riverside positions north of Neak Luong. They directed heavy fire against navy vessels trying to provide support to these positions late on January 23.

Combat in the Phnom Penh area has picked up considerably in the past few days,

Elements of the Cambodian army's 3rd Division have fought several sharp engagements with insurgent units near Route 4 west of Phnom Penh and the army's 7th Division on the city's northwestern defenses is again under heavy pressure. The high command has withdrawn several units from the northwestern sector and the 7th Division will remain hard pressed unless it is again reinforced.

Pochentong airport continues to be the target of sporadic rocket attacks and a few civilian airlines have curtailed flights. The airport remains open,

Shellings against the military fuel depot on Route 5 north of the city have destroyed some stocks. 25X1

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UK-CSCE

The British, who have been reluctant to offer concessions to the East at the European security conference in Geneva, now advocate compromise. They have suggested that the pace of work be accelerated in order to wind up the conference.

During recent discussions among the EC Nine, the British took the lead in suggesting that the current, negotiating stage of the security conference end around Easter. Some of the Nine, particularly the West Germans, opposed setting a specific date.

The British suggestion would be welcomed in Moscow. The Soviets want the negotiations to be over this spring, so that a summit finale to the conference can be held this summer. Delegates from EC countries, not unnaturally, have speculated that the British may be seeking to lay the groundwork for a successful visit by Prime Minister Wilson to Moscow next month.

The British have also suggested that the NATO Allies drop their proposal--until now most strongly advocated by the UK itself--that both sides agree to provide, as a "confidence-building measure," advance notice of major military movements. The Soviets and most of their allies have strongly opposed providing notification on movements, and the British are now suggesting that the Allies, by conceding on this issue, might obtain a Soviet concession on the separate issue of providing advance notification of military maneuvers.

The British have also suggested that the West offer a compromise on the issue of follow-on machinery to the conference. The West has supported a Danish proposal that calls for senior officials to meet three years after the conference ends. These officials would assess the results of the conference and the general state of relations among the participating states and decide whether further meetings might be needed. 1

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National Intelligence Bulletin January 25, 1975

In contrast, the Soviets support a Czechoslovak proposal to create a consultative committee that would have a broad mandate to "promote" security and cooperation in Europe. The committee would have a permanent secretariat, affording the Soviets an opportunity to influence West European developments. The British are suggesting that senior officials meet regularly to review the general East-West situation, with the first such meeting taking place one year after the security conference ends.

Foreign Secretary Callaghan has said he wishes to discuss the security conference when he meets with Secretary Kissinger next week. He will probably solicit US views on the British proposals.

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SOUTH VIETNAM

Combat activity during the past week consisted primarily of widespread, small-scale harassing incidents designed to maintain military pressure on the government. The Communists launched few significant attacks, while South Vietnamese forces continued their efforts to retake areas lost in the early stages of the Communists' current campaign.

The Communists are continuing terrorist operations in the Saigon area and have been pressuring Tay Ninh by firing rockets into the town. The attacks have resulted in a significant shift in the population. Large numbers of the Cao Dai faithful have moved closer to the Holy See, which has, as yet, not been attacked. Others have fled to the Saigon area.

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In the delta, Communist military activity has been concentrated in northern Kien Tuong Province, near the Cambodian border. Elements of the North Vietnamese army's 5th Division overran a government village on January 22 from which most of the people had fled long before. The defending South Vietnamese forces reportedly withdrew after suffering light casualties. Communist forces are expected to continue their operations in this area, and they may try to increase pressure on Moc Hoa, the provincial capital.

Communist activity in central Vietnam has remained at a low level during the past week.

The South Vietnamese armed forces have made some gains in the northern provinces. In Thua Thien Province, sweep operations around Bong Mountain, after its capture, uncovered several Communist grave sites and numerous munitions caches. Communist reactions since the loss of the mountain have been limited to sporadic attacks by fire.

The South Vietnamese again have had some success against the Communists in Quang Nam Province. In a wellplanned operation that began on January 19, government forces inflicted substantial casualties while suffering few themselves.





BURMA

The Ne Win government is still relying on army and police action to prevent any further outbreaks of violence in Rangoon similar to the antigovernment demonstrations last month. The Burmese capital remains under martial law, and the leadership reportedly has decided to maintain army rule indefinitely until a new special police force for riot control can be set up. The regime is also developing a citizen informant network to keep an eye on potential troublemakers.

These plans will keep the harsher aspects of President Ne Win's rule in full public view. The government has released some of the students who were detained last month. Unless it also gives the appearance of dealing with the country's severe economic problems, however, it runs the risk of strengthening the strong antigovernment sentiment among the populace.

Despite speculation that Ne Win might find scapegoats within the administration to blame for the riots, no government shakeup has been announced. The leadership seems to be trying to put its performance in the best possible light by claiming that the Burmese Communists were responsible for instigating the disorders.

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ARGENTINA

The destruction by government-sponsored, rightwing terrorists of a plant housing one of Argentina's oldest newspapers is certain to compound President Peron's difficulties in dealing with the opposition parties.

The attack against a moderate newspaper in the interior city of Cordoba was carried out by the extreme right-wing terrorist Argentine Anti-Communist Alliance, apparently because of the paper's recent criticism of the government-appointed administrator of Cordoba Province, retired General Raul Lacabanne. Lacabanne has waged a harsh campaign against leftists in Cordoba since he assumed the post last September, and he probably has close connections with the illegal operations of the terrorist squads.

In addition, Lacabanne is a close collaborator of the powerful chief of the presidential secretariat, Jose Lopez Rega, who has also had a major hand in directing right-wing paramilitary operations. Lopez Rega, who has been conducting government business while Mrs. Peron is resting outside of Buenos Aires, is in a vital position to oversee security matters and may have given the orders for the Cordoba operation.

Opposition political parties have become increasingly vocal in opposing Lopez Rega's pre-eminent role, official complicity in right-wing terrorism, and Peronist strong-arm tactics in the provinces. They fear that the government might attempt to intimidate them in similar fashion.

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ISRAEL

Tel Aviv's expectations of a good year in 1974 for tourism--a major foreign currency earner--failed to materialize. The number of tourists who went to Israel totaled 624,000 last year, down 6 percent from the level in 1973 and off 14 percent from the peak in 1972. Income from tourism dropped more sharply. Earnings are likely to be no more than \$200 million, some 30 percent lower than government projections.

The picture could improve in 1975. Tel Aviv expects a major increase in Christian pilgrams to Jerusalem for the Holy Year observance in 1975. The recent 43-percent devaluation of the Israeli pound also may attract cash-short West Europeans and American travelers, despite tensions in the Middle East and terrorist acts.

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