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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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43

13 September 1968
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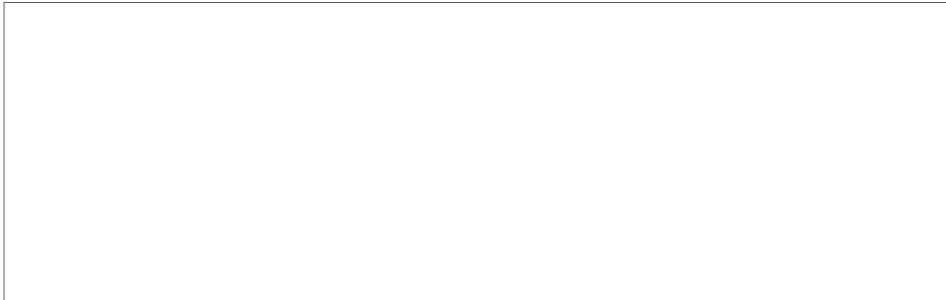
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The **WEEKLY SUMMARY**, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents pages.

W A R N I N G

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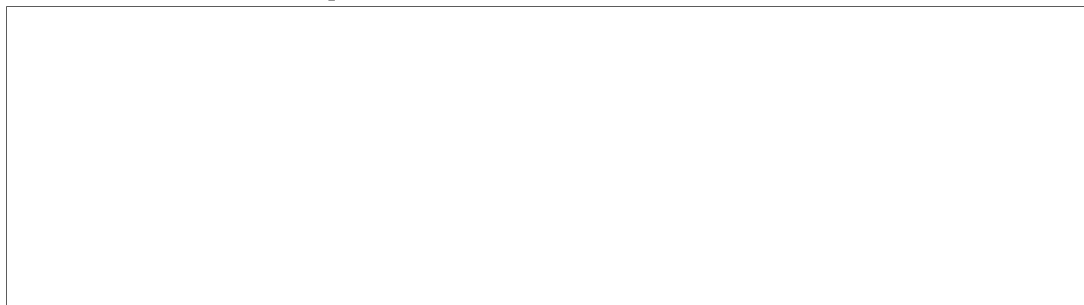
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 The minister of interior met with state governors to discuss the security problem and to coordinate plans for countering terrorist activity, which in the past few months has included bank robberies and attacks on electoral registration boards.



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MEXICAN STUDENTS STILL SPAR WITH GOVERNMENT 25
 Mexican students have rejected the government's response to their demands and are threatening to continue their movement in the streets.

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EUROPE

Attention in Eastern Europe and the USSR still focused this week almost exclusively on Czechoslovakia and the consequences of the Soviet invasion for both the Prague regime and the rest of the Communist world.

There is still no meeting of minds in Prague and Moscow on interpreting the vague phrase "normalization" as applied to Czechoslovak domestic developments. Moscow clearly has in mind tighter party control in Czechoslovakia as well as closer military and foreign policy coordination between Prague and the USSR. It is unclear, however, how determined Moscow is to enforce its views.

Soviet First Deputy Foreign Minister Kuznetsov has been in Prague for a week, apparently to assess the prospects of those Czechoslovaks whom Moscow would like to see in power. Clearly East Berlin and Warsaw—and probably also the USSR's other Eastern European allies—would like to see Dubcek and his supporters ousted.

The Rumanians are adjusting their contacts with the Communist and non-Communist worlds, and have retrenched a bit until the storm stirred by the invasion blows over. Rumanian leader Ceausescu, however, apparently contemplates no basic retreat from his nationalistic policies.

The Yugoslavs continue to move aggressively to broaden their commercial and political contacts in the West. They apparently remain on a military alert status, as do the Rumanians.

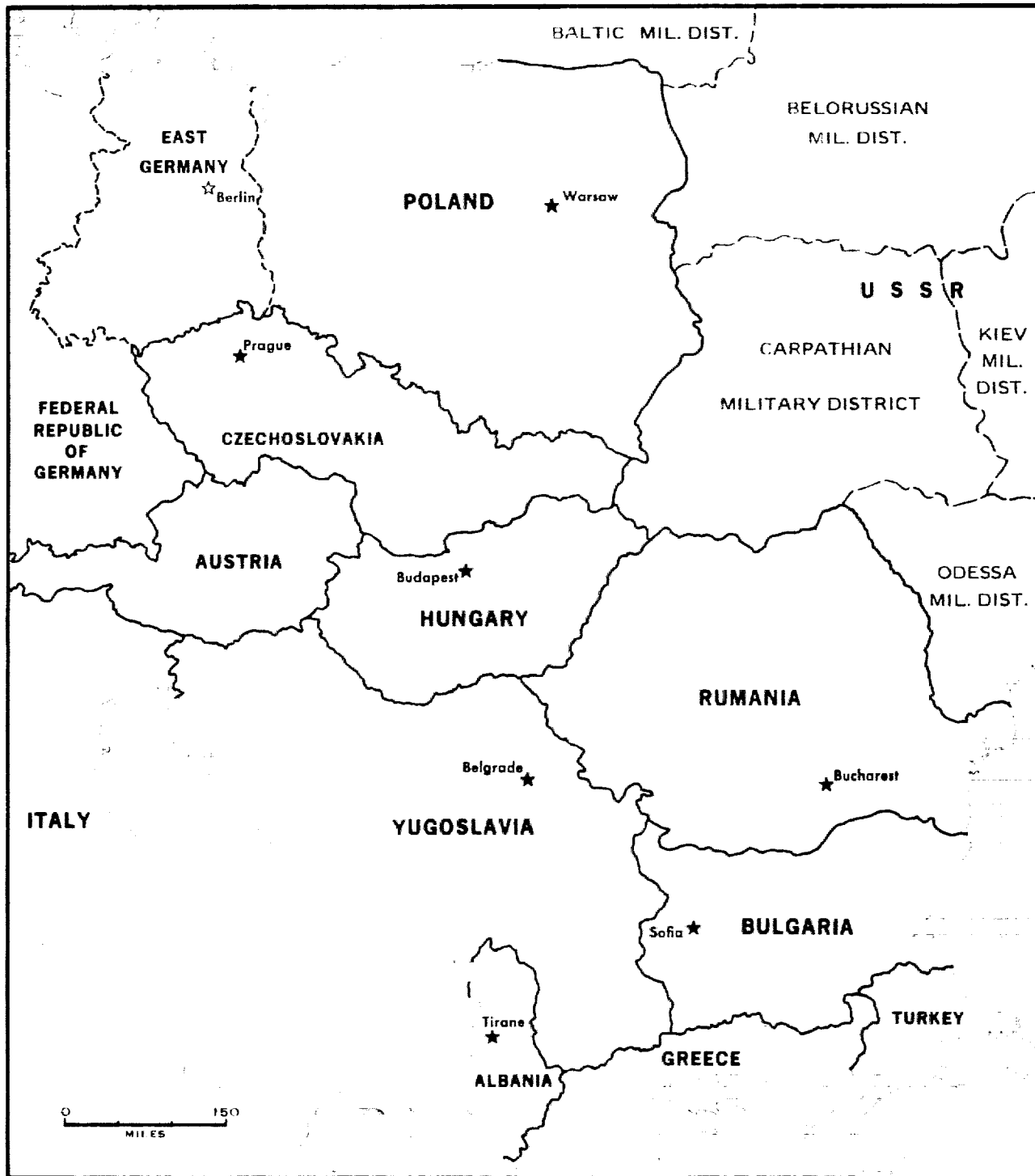
Elsewhere, several key nonbloc Communist parties continue to express their distaste for the Soviet invasion. This may spell doom for such pet Moscow projects as the international Communist conference scheduled for November.

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EASTERN EUROPE



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SOVIETS AND CZECHOSLOVAKS STRUGGLE OVER "NORMALIZATION"

Moscow is pressing for "normalization"--a term subject to varying interpretation by the Soviets and the Czechoslovaks--of the political situation in the country in accordance with the agreement reached in Moscow in late August. The Czechoslovaks have partially met some of the reported Soviet demands, but have procrastinated on others. Moscow has not failed to note this procrastination. Czechoslovak efforts to preserve some parts of their action program have nettled the Soviets to the point where they are now characterizing this "quiet counter-revolution" as no less dangerous than the more violent brand shown by the Hungarians in 1956.

A possible indication that some of the five Warsaw Pact hard liners would like to see Dubcek ousted was contained in a Polish newspaper on 4 September. In its appraisal of the Czechoslovak central committee meeting of 31 August--the session that brought additional liberals into the party presidium--the Warsaw paper cited unnamed Czechoslovak sources as characterizing Dubcek as well-meaning but weak and politically naive. Such a line about Dubcek could become the tack taken by the occupiers should a decision be made to ease him from power.

Soviet First Deputy Foreign Minister Kuznetsov arrived in Czechoslovakia on 6 September for meetings with the Czecho-

slovak leadership, and Premier Cernik held a one-day meeting in Moscow with the three top Soviet leaders. Moscow apparently is still trying to work through the present Prague leaders and hopes to gain at least grudging acquiescence in revamping the present government.

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Czechoslovak efforts so far to accommodate the Soviets have been showy, but they do not, from a Soviet point of view, deal with the heart of the problem. For example, two non-Communist political organizations that had been bitterly attacked by the Soviets--the Club of Committed Non-Party People and the K-231, an association of rehabilitated political prisoners--have been banned. A few days later, however, the Czechoslovak cabinet approved draft legislation that would not exclude at some future date the addition of similar organizations to the Communist-controlled National Front. Moreover, personal freedom and security were guaranteed by Czechoslovakia's leaders in a proclamation issued on 10 September.

Government officials have continued to discuss censorship

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requirements in the wake of the formal re-establishment of censor's offices in Prague and Bratislava. Two editors of liberal journals have been replaced. On 8 September, the Prague censor confirmed on television that his two guiding principles were to avoid overt criticism of the occupying states and to prohibit publication of anything detracting from the leading role of the Communist Party. Czechoslovak news media,

however, are filled with countless thinly disguised criticisms of the occupiers. During the week, newspapers, radio and television stations, and the Czechoslovak News Agency were returned to Czechoslovak control. They are returning to normal operations, despite the damaged condition in which their quarters were left by Soviet troops.

The government is also making plans to restrict public

COMMUNIST PARTY OF CZECHOSLOVAKIA

FIRST SECRETARY

Alexander Dubcek

SECRETARIES

Alois Indra

Zdenek Mlynar

*Josef Spacek

OTHER MEMBERS OF THE SECRETARIAT

*Lubomir Kovalcik

*Jiri Sekera

Vaclav Slavik

MEMBERS OF THE PRESIDUM

Vasil Bilak

*Vladimir Kabrna

*Bohumil Simon

Oldrich Cernik

*Zdenek Mlynar

*Vaclav Slavik

Alexander Dubcek

*Vaclav Neubert

Josef Smrkovsky

*Evzen Erban

Jan Piller

Josef Spacek

*Jaromir Hettes

*Josef Pinkava

Oldrich Svestka

*Libuse Hrdinova

*Stefan Sadvsky

*Ludvik Svoboda (Honorary)

*Gustav Husak

*Vaclav Simecek

*Anton Tazky

*Jozef Zrak

CANDIDATE MEMBERS OF THE PRESIDUM

*Frantisek Barbirek

Jozef Lenart

*Karel Polacek

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**New members since the invasion*

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assembly and foreign travel. Until such laws are enacted by the National Assembly, it will consider extraordinary measures to limit public assemblies and the imposition of temporary restrictions on the issuance of exit passes for travel to Western countries. There are unconfirmed reports that Soviet troops are monitoring the performance of Czechoslovak border guards.

At the same time, however, measures are being considered for compensation of individuals and corporations for damages suffered during periods of illegality, an obvious reference to the invasion and occupation. A plaque has been mounted on Bratislava's main post office commemorating those citizens killed or wounded during the invasion on 21 August. Political rehabilitation of victims of Stalinism will begin in late September or early October. Work continues under the terms of the liberal action program for weakening the Interior Ministry by transferring its jurisdiction over prisons to the Justice Ministry.

Meanwhile, the unreconstructed Czechoslovaks and their Rumanian, Yugoslav, and Italian

allies are still under considerable fire from their Eastern European neighbors.

* * *

Although the disposition of occupation forces remains essentially unchanged, troops are withdrawing from within towns and major cities. The US military attaché in Prague says that the estimated 7,500 Soviet troops that began bivouacking at Prague's Ruzyně airport last week--presumably for rotation home--were still encamped there on 10 September.

The ending on 6 September of a Bulgarian military exercise near the Rumanian frontier probably has contributed to a relaxation of tensions in Bucharest.

Neither Rumania nor Yugoslavia have reduced the alert status of their armed forces, however. As of 10 September, the Yugoslav call-up of individuals with special skills was still under way, and contingency plans were being implemented to disperse television and radio facilities to permit clandestine operations--as the Czechoslovaks had done with the assistance of their armed forces--in the event of an occupation. (b)(3)

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RUMANIA CAUTIOUSLY ASSESSES COMMITMENTS AND PROSPECTS

Rumanian leader Ceausescu is tailoring his regime's contacts with the Communist and non-Communist worlds to reflect the "new realities" stemming from the invasion of Czechoslovakia.

Since 26 August Bucharest has refrained from further polemics directed against the five Warsaw Pact invaders of Czechoslovakia. The regime has retrenched in this manner in the past following strong public differences with its allies. Bucharest has not shown itself any less determined, however, to pursue its independent foreign policy.

This stance is reflected in the arrival in Bucharest on 8 September of British Foreign Secretary Stewart and in the planned visit by Belgian Foreign Minister Harmel, slated to start on 13 September. Each visit comes at the insistence of the Rumanians, and demonstrates Western support for Ceausescu's ticklish anti-invasion stand.

Rumania has been quietly doing as much as it can to focus attention on the invasion of Czechoslovakia while saying as little as possible about it. This policy will face a severe test at the upcoming session of the UN General Assembly (UNGA). Rumania's Foreign Minister Manescu is president of the UNGA and faces the dilemma of addressing himself to this is-

sue without incurring Moscow's criticism. He may opt to use his UN office to issue a plea for reason and for the self-determination of peoples without specifically naming Czechoslovakia. He may also make some broadly stated proposals for nonintervention or try to have the UNGA define aggression.

Rumanian relations with other Communist parties also will be subject to change. It is still uncertain whether Bucharest will send representatives to the international Communist conference scheduled for November in Moscow. Bilateral party contacts with the Warsaw Five can be expected to be proper, however, and perhaps even more closely spaced.

Rumanian contacts with the Yugoslav and Western European Communist parties probably will gain in substance and cordiality in coming months as Bucharest seeks abroad the support that it is unlikely to find among its nominal allies. The visit to Bucharest from 6 to 9 September of Giancarlo Pajetta, a high-level Italian Communist Party official, is a case in point.

The politically shrewd and realistic Ceausescu probably will strive for a modus vivendi with the Warsaw Five while continuing to pursue Rumania's national interests. His success will depend, however, on the attitude of the Russians and their hard-core allies.

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NATO CONTINUES TO SEEK PROPER RESPONSE TO SOVIET THRUST

Alliance members are considering an accelerated schedule of ministerial meetings as well as substantive steps designed to adjust to the new situation arising from the Soviet occupation of Czechoslovakia.

The North Atlantic Council approved on 4 September the extensive work program developed by NATO Secretary General Brosio since the Czechoslovak crisis. A number of studies will be undertaken, aimed at providing a political-military assessment of the new situation. Certain to come under review are the warning time concept, force levels in relation to the Warsaw Pact, and crisis management procedures.

In meetings so far of the permanent representatives, the West Germans have sought to stress the need for military preparedness and to de-emphasize the detente theme featured in the 1967 Harmel Report on the future tasks of the Alliance. The French, who originally were reluctant to accept the Harmel Report, now are defending it because they wish to continue to promote detente. They urge that the report be promptly reaffirmed as the charter of Alliance policy. The members have agreed, however, that the projected studies should not anticipate policy decisions, such as a revision of the Harmel Report.

The members are continuing to review the question of national military contributions. In a statement on 4 September, the Defense Planning Committee--which does not include France, a nonparticipant in the integrated military command--called upon members to take into account "the implications of recent developments in Eastern Europe in the planning of their national forces." The statement also referred to the need to maintain an effective Alliance military capability, phraseology designed to cloak a dispute over qualitative versus quantitative strength. Belgium has already announced it will postpone plans to withdraw its forces from West Germany and will deploy additional elements there.

All Alliance members appear to agree that the ministerial meetings, now scheduled for December, should be shifted to an earlier date, although there are differing intentions regarding the scope and timing of such sessions. The British oppose a ministerial meeting in September as too "demonstrative," but they favor considering Brosio's work program. The West Germans hope that the ministers will discuss a proposal that member states declare that they do not intend (b)(3) to withdraw from the Alliance for a certain number of years.

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DE GAULLE OUTLINES FRENCH REFORMS

The response in France to General de Gaulle's press conference on 9 September, his first since the May student-labor crisis, was one of general disappointment. De Gaulle devoted only a small portion of his time to foreign affairs, and was largely preoccupied with domestic politics.

Many French observers described the general's performance as lackluster, uninspiring, and unresponsive to the needs of a country so recently torn by widespread social unrest. Left-wing Gaullists described De Gaulle's stance as a "step back" from earlier reform proposals, and even conservative journals decried the vagueness of his comments.

De Gaulle announced that a referendum would be held to obtain national approval for reforms intended to decentralize the administration of the country by establishing regional councils, and to end the present Senate's political power. The reformed Senate would be an advisory group charged with making recommendations on budget and economic planning. The National Assembly would therefore become the sole legislative body. The regional councils would possess considerably more power than any previous local government bodies in modern France, primarily because they would have the power to tax and raise funds.

De Gaulle's comments on worker participation at the plant level were aimed primarily at reassuring the business community that man-

agement's prerogatives would not be infringed. Worker participation would be limited to a profit-sharing scheme already in effect, and to opening channels of information between labor and management. Labor leaders categorically condemned these proposals as a veiled attempt to undercut the power of organized unions.

There is at present little public enthusiasm for Gaullist projects for social and political reform, even though these will have important long-range consequences. According to recent opinion polls, the general public is more interested in bread and butter issues, and De Gaulle may have trouble drumming up popular interest in the forthcoming referendum.

By contrast, plans for university reform have generated heated debate. Minister of Education Edgar Faure has attacked the problems directly, outlining a program of change that would go far toward dealing with the conditions that led to the explosion in May. Although Faure has encountered opposition from within the Gaullist party, he appears to have the President's backing.

Neither public disinterest in the referendum nor Gaullist party opposition to Faure's program will deter De Gaulle, however. Recent polls show that a clear majority of the public still supports the general, and there is no political leader in any party capable of challenging him at this time.

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FAR EAST

Bad weather and allied spoiling operations were among the factors limiting Communist military activity this week. Major enemy elements, however, are continuing to maneuver themselves into position for possible new offensive thrusts in key areas.

Hanoi spokesmen, meanwhile, are calling attention to certain portions of Premier Pham Van Dong's National Day speech on 2 September which seemed intended to show greater flexibility on certain key issues. These commentators give special emphasis to Dong's promise that a bombing halt would have a "positive effect" on attempts to reach a political settlement, a somewhat less rigorous formulation than Hanoi's usual position that talks cannot move on to other issues until the bombing is stopped. The North Vietnamese are also pointing to Dong's omission, reported last week, of several conditions Hanoi usually attaches to US negotiations with the Liberation Front.

Although these semantic games are a familiar part of Hanoi's stock in trade, the play given to Dong's formulations suggests they have at least temporarily replaced earlier authoritative positions.

The Saigon government is focusing more and more on the problems to be faced when and if a political settlement is reached. Most of its initial planning centers on the development of a viable politico-administrative apparatus in the countryside. The lack of this has been a serious impediment to the successful prosecution of the war, and it will be essential if the government is to compete effectively with the Communists in the intense political scrambling that would follow a settlement.

Contrasting performances by Chou En-lai and Mao's wife, Chiang Ching, at a mass rally in Peking on 7 September mirrored continued disagreement among top leaders over the course of the Cultural Revolution. Chou, the main speaker, exuded confidence in reiterating the moderate approach he has always taken and spoke sternly of sending off "youths"—primarily members of Red Guard organizations—to work in factories, mines, and rural areas. Chiang Ching by contrast appeared defensive, urging that the Red Guards be "protected," stressing the "tremendous contribution" of the Red Guards despite their admitted errors, and warning of more struggle to come.

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VIETNAM

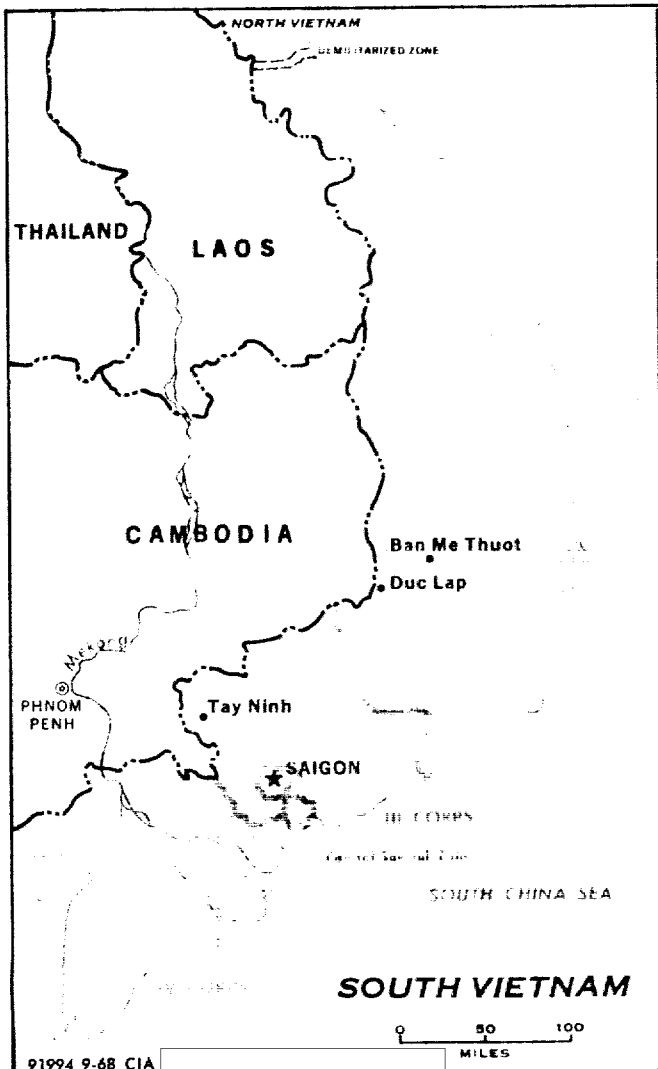
The pace of Communist military activity generally slackened throughout most of South Vietnam this week, in part because of adverse weather in the northern provinces but also because of vigorous, country-wide allied

spoiling actions targeted against enemy troop concentrations, staging areas, and base camps. A notable exception was an upsurge in enemy hostilities in the northern provinces of III Corps, where the Communists penetrated Tay Ninh city in mid-week and staged a series of attacks against allied positions.

It is apparent that Communist main force units have not abandoned their intention to carry out further offensive thrusts in certain key areas. Major Communist forces continue to prepare for combat south of the Demilitarized Zone and near the major coastal cities of I Corps. Up to three enemy regiments continue to pose a threat to Duc Lap and to the provincial capital of Ban Me Thuot in southwestern II Corps. Furthermore, most of the enemy's forces in northern III Corps are still in position to strike at key targets north and northwest of Saigon with multiregimental assaults.

At present, there appears to be no imminent threat to Saigon. Communist subregion forces, however, could stage small-scale probes against selected targets in the capital city and renewed mortar and rocket fire could come at any time.

Terrorism has risen sharply in Saigon as well as in some of the rural areas of the country. This tactic is probably the least expensive in terms of personnel



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and materiel in maintaining pressure and making the enemy's presence felt.

Since 18 August, when the Communists began a series of attacks throughout South Vietnam, it has become clear that the major country-wide campaign forecast in captured documents, prisoner interrogations, and intelligence reports has fallen short of its intended goals. Although evidence of the enemy's over-all intentions varies from region to region, the Communists have not been able to seize and hold the initiative, and have failed to score a single major military victory with any of their big units.

On the other hand, although certain enemy forces were mauled in offensive actions in recent weeks and others were forced away from their primary objectives, many of the Communists' major combat units are still capable of mounting extensive attacks, especially in III Corps, the Demilitarized Zone area, and along the coastal areas of the northern provinces. These attacks could include attempts to overrun South Vietnamese outposts and remote Special Forces camps. Assaults on key urban centers along the lines of the Tay Ninh attack, are also possible.

Communist strategy during the coming weeks will probably continue to stress economy-of-force tactics, increased shelling and ground probes against outposts and district towns, and intensified terrorism and sabotage

activities. At the same time, enemy main force units will probably attempt to harass allied forces with small-scale attacks and interdiction of lines of communication. In certain key areas, first-line enemy troops may attempt to inflict heavy casualties on allied forces with large-scale bombardments and limited ground assaults. An increasing number of prisoner interrogations, captured documents, and other reports suggest that intensified enemy activity is to continue at least through October in an effort to influence the US elections.

North Vietnamese on Negotiations Issues

Hanoi is again manipulating the language of its negotiating position in an effort to encourage a unilateral US move on the bombing issue. Responsible North Vietnamese spokesmen and statements in the past week have pointed to Premier Pham Dong's National Day speech on 2 September as the latest and most authoritative Communist statement on two sticky negotiations issues: reciprocity for a bombing halt, and the role of the Liberation Front in postbombing talks.

Although the premier added nothing new to the substance of well-known Hanoi positions, he employed some semantic variations that put a more attractive gloss on them. He promised, for example, that a bombing halt would have a "positive effect" on the problem of reaching a

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political solution. The usual Hanoi formulation is simply a flat assertion that the bombing must be stopped before other questions can be discussed.

The premier also omitted several conditions that are frequently attached to Hanoi's demands regarding the Liberation Front. Stating only that the US must recognize and talk with the Front about South Vietnamese matters, he avoided earlier categorical formulations that the Front alone represents the South, that the Front must have a "decisive" say in a settlement, and that a settlement had to conform to the Front's political program. The premier's language does not rule out participation by the Saigon government in postbombing negotiations.

Although this kind of maneuvering is a familiar device, the propaganda play given Pham Van Dong's words suggests they have at least temporarily replaced earlier authoritative positions.

South Vietnamese Political Developments

South Vietnamese officials and political leaders are looking ahead with increasing seriousness to a post cease-fire period. They often build their cases for new political or administrative schemes in terms of strengthening the ability of nationalist elements to cope with the Communists in any future political competition.

In an example of this trend, opposition Senator Nguyen Van Ngai is arguing for his latest pet project--combining his Revolutionary Dai Viet party with other groups to form a larger party--by emphasizing the need for several broadly based parties to confront the Communists.

Top government leaders are giving increased attention to the Communist political challenge in the countryside. President Thieu and Prime Minister Huong have made numerous visits to the provinces in recent weeks. Moreover, Huong has assigned a number of special assistants to keep him informed on the situation in the countryside.

Huong's cabinet showed its concern when it voted on 15 August to establish an "inner cabinet" to consider ways of coping with Viet Cong political activity after a cease-fire. Particular attention reportedly is to be given to competing at the village level.

The government is also making an effort to win the support of segments of the population that have often been largely ignored. In addition to supporting the Lien Minh, a new pro-government front, President Thieu is promoting a new women's mass organization and is making new overtures to student groups currently under leftist influence.

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PHILIPPINE-MALAYSIAN RELATIONS AGAIN GROW WORSE

The "cooling-off period" between the two countries has been abruptly ended by Philippine actions to bring the Sabah issue before two international forums.

Passage by the Philippine Congress of a bill on territorial seas, which reserves Manila's claim to most of Sabah, prompted a sharp response from Malaysia. On 4 September, Kuala Lumpur warned Manila that a break in relations may result if the bill becomes law. President Marcos has deferred immediate action by referring the bill to his Foreign Policy Council for recommendation, but has stated he will sign it if the council approves.

All indications point to the probability of Marcos' affirmative action. Upon becoming law, the bill will be deposited

with the UN Secretary General. Manila apparently anticipates that Malaysia will protest the section dealing with Sabah and thus enable the Philippines to bring the dispute before the UN, a development Malaysia has sought to avoid.

Concurrently, a separate Philippine move to introduce the Sabah issue into the Asia Pacific Council has further antagonized Kuala Lumpur and momentarily irritated Malaysia's relations with Japan.

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NEW STRAINS APPEAR IN SINO - NORTH VIETNAMESE RELATIONS

There are new indications of friction in relations between Peking and Hanoi. Chinese displeasure with North Vietnam was displayed most recently in Peking's treatment of the North Vietnamese National Day celebrations and by an angry outburst from Chou En-lai against Hanoi's public support for Soviet actions in Czechoslovakia.

A congratulatory message from Mao, Lin Piao, and Chou En-lai to Ho Chi Minh on 1 September contained a perfunctory offer of "support and aid" but underscored Peking's opposition to Vietnam negotiations. The message warned of US-Soviet "peace schemes" and urged the Vietnamese to "persist in protracted war."

In a bitter denunciation of Moscow at the North Vietnamese Embassy's National Day celebration in Peking, Chou charged that Soviet intervention in Czechoslo-

vakia is evidence of a Soviet-US bargain on "spheres of influence" that gives Moscow a free hand in Eastern Europe in return for awarding "Vietnam and the rest of Southeast Asia" to the US. In a blunt reference to the North Vietnamese, Chou declared, "It is high time that all those who cherish illusions about Soviet revisionism wake up." At the root of this thinly veiled attack lies Chinese sensitivity to what Peking considers to be signs of weakness and flexibility in Hanoi. The Chinese have long been convinced that Moscow is encouraging Hanoi to seek a negotiated settlement.

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MIDDLE EAST - AFRICA

Attention in the Middle East this week turned to the likely possibility of a strong Israeli retaliatory strike against Egypt. Two incidents along the canal are the most recent provocations. If another major clash takes place, it could involve the Jordanian front as well as Suez.

In its economic aid program in Egypt, Moscow has begun to concentrate on completing development projects under construction and on raising production levels at existing plants.

The Shah of Iran plans to visit the USSR late this month despite the Soviet occupation of Czechoslovakia, which the Iranians have deplored. Whatever the disadvantages of a visit at this time, the Shah probably wants to avoid disrupting the growing Soviet-Iranian rapprochement.

In Cyprus, the intercommunal talks have encountered their first major stumbling block. The Greek Cypriot negotiator claims that the Turkish Cypriot proposals for local autonomy and representation in the national government are unacceptable. He sees little chance for agreement unless the Turkish Cypriots are willing to compromise.

In Congo (Brazzaville), army strong man Ngouabi, in alliance with civilian ultraleftists, appears to be consolidating his position at the expense of rival military leaders. Policy statements issued thus far have been moderate in tone, emphasizing cooperation with France and neighboring African states. The future course of the regime, however, remains unclear.

The continued detention in Algiers of former premier Moise Tshombe of Congo (Kinshasa) has become a matter of much speculation as the meeting of the Organization of African Unity (OAU) opens. Kinshasa has emphatically denied an Algiers press report that the release of Tshombe—with Congolese Government approval—is imminent, and insists the issue is not appropriate for OAU discussion.

Somali-Ethiopian relations have taken a turn for the better following Addis Ababa's agreement to end the harsh emergency regulations in the Somali-inhabited Ogaden area of Ethiopia on 16 September.

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NEW FLARE-UP SEEMS LIKELY IN THE MIDDLE EAST

Another major Israeli reprisal strike seems imminent in the wake of last week's firefight across the Suez Canal, although the Israelis will probably delay such action until the present UN Security Council session is over.

The Suez clash took place after the Israelis had blown up a landmine on their side of the canal. It is uncertain, as usual, which side initiated the firing, but approximately ten Israelis were killed and a number of civilian casualties were inflicted in the Egyptian town of Suez. This sort of encounter resembles those that have provoked reprisals in the past,

Comments from Lebanese Foreign Minister Boutros regarding the recent Arab foreign ministers' conference in Cairo are gloomy. He was concerned over what he termed a general air of pessimism and indecision, and a unanimous feeling that UN mediator Jarring's mission had no chance of success. Although there was a tacit agreement at the meeting to avoid handing out an inflammatory endorsement of terrorist activity, no one apparently made any real effort to initiate efforts to curtail such actions. Jordan's King Husayn had probably hoped to achieve some sort of general decision to restrict support for the terrorists, but such an agreement does not seem to be forthcoming.

If another major clash takes place, it could involve the Jordanian front as well as Suez. An attack along the Jordanian frontier would be likely to involve the Iraqi troops stationed there.

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EGYPT CONTINUES AS A MAJOR SOVIET AID RECIPIENT

Following the review last December of its economic aid program in Egypt, Moscow has concentrated on completing development projects under construction and on raising production levels at existing plants. Work was started on only one new major industrial project, the Helwan iron and steel complex.

As in the case of India, its other major aid recipient, the USSR has taken steps to help spur production in Soviet-built factories by agreeing to purchase products in excess of Egyptian requirements. [REDACTED]

[REDACTED] local factories will process 50,000 tons of heavy equipment, thousands of tons of metallurgical equipment, and 5,000 tons of parts for agricultural equipment and tractor factories in the USSR.

Similarly, the USSR is helping Egypt to utilize the expanded production capacity of the Soviet-designed and -built shipyard at Alexandria. Moscow last year agreed to provide specifications, materials, and technical assistance for the construction of a 12,880-ton dry-cargo ship. Further negotiations were held this July for Soviet assistance, including the assignment of an additional 40 engineers and technicians, for the construction

of a 30,000-ton tanker and five other cargo vessels. This recent flurry of activity may have led to the recent report that the Soviets are to assume control of ship construction and repair facilities in Egypt.

Moscow also is moving ahead with its plans for helping Egypt develop its petroleum industry, one of Cairo's most promising economic sectors. Soviet experts began an aerial survey of the Siwa Oasis area in Egypt's western desert in June. A seismic and geological survey is scheduled to begin this month and to end in December, at which time a two-well exploration drilling program will begin. In addition, another group of Soviet advisory personnel is in Cairo working on over-all Egyptian petroleum plans. (b)(1) (b)(3)

The Cairo press in mid-July, quoting its Yugoslav correspondent, reported that a new wheat deal had been concluded with the USSR, but no details were given. There is no other evidence, however, that Moscow has contracted to supply additional quantities of wheat. Between January 1967 and June 1968, Moscow supplied Egypt with 1.1 million tons of wheat, a significant share of its annual import requirements. Since June, no shipments of Soviet wheat have been noted. [REDACTED] (b)(3)

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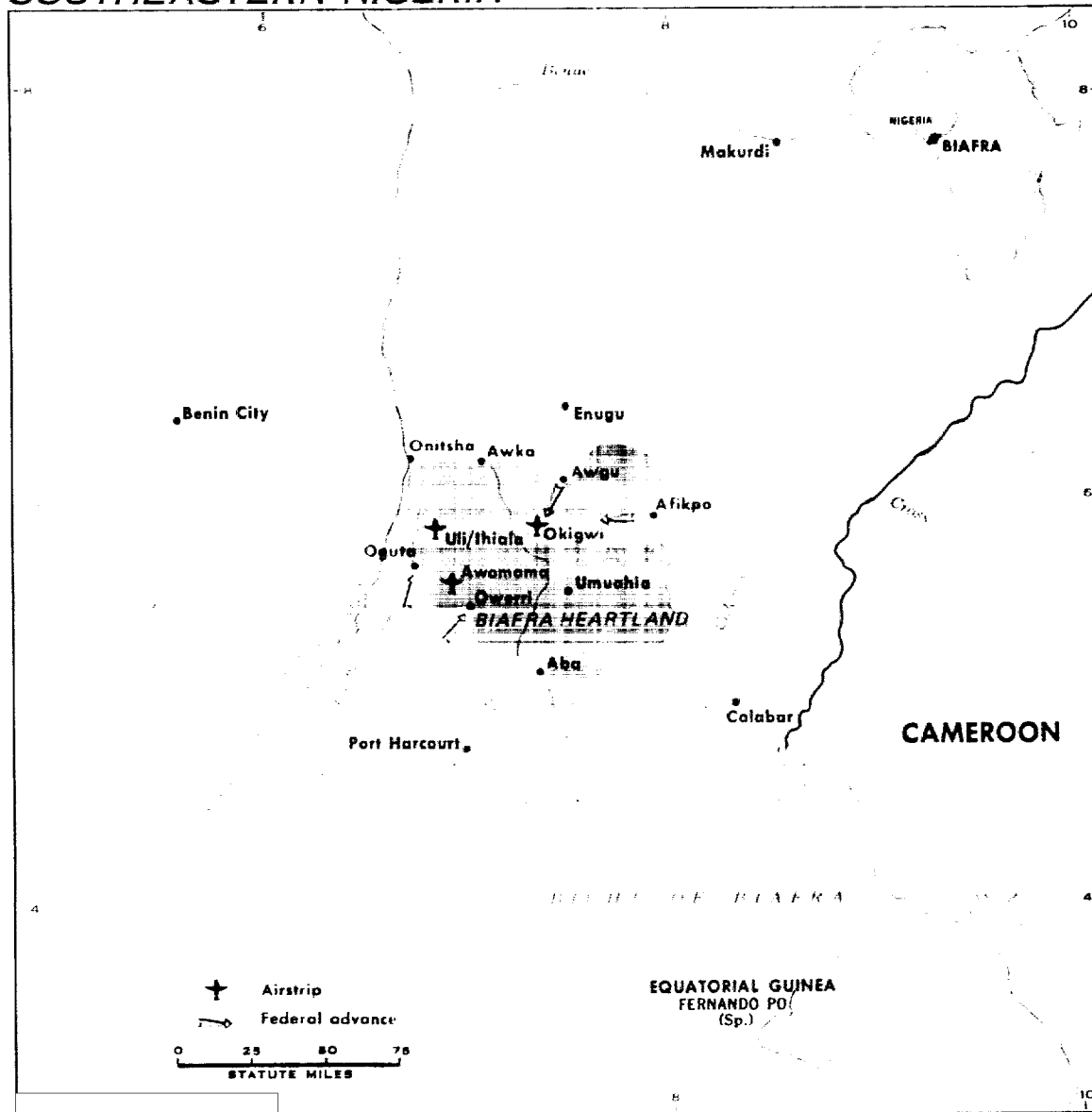
NIGERIAN FEDERAL TROOPS SLOWLY ADVANCE INTO BIAFRA

Federal military forces are slowly forcing their way toward the few major towns and airstrips remaining under Biafran control. Although the secessionist army, still largely intact, continues to fight back hard against the superior federal troops, it also appears to be making definite

plans for protracted guerrilla warfare.

General Gowon's timetable calls for completing the occupation of the rest of Biafra by the middle of September, a task that appears unrealistic even to Gowon. Federal forces have

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suffered large numbers of casualties in recent weeks as Biafran resistance at times has been almost fanatical. Frequently, however, the rebel army has chosen to retreat and counterattack rather than to meet the much better equipped federal army head on.

The Biafrans, too, have suffered sizable casualties, but have yet to resort to conscription to obtain replacement troops. The Biafrans have also trained and organized several guerrilla units, some of which have been operating west of the Niger River and northwest of Enugu. In addition, the Biafrans reportedly have cached quantities of arms for a prolonged guerrilla campaign after most key towns and installations have been occupied by federal troops.

In the southern sector, the federal 3rd Division now holds Aba, taken on 4 September, and intends to push on toward Umuahia, the Biafran capital and headquarters of Biafran leader Ojukwu. Other elements of the division are within a few miles of Owerri and Oguta, and threaten the two airstrips that are used by Biafra for munitions imports. Another airstrip near Okigwi is the object of a two-pronged drive from Awgu and Afikpo by the 1st Division. The 2nd Division remains stalled just south of Onitsha and Awka.

The Biafrans have managed to maintain a slim flow of munitions via their air shuttle services. Besides the continu-

ing flights from Lisbon, a five- or six-plane shuttle from Libreville, Gabon, has been set up with French assistance.

Gabon is not believed to have sufficient stocks for this purpose. France apparently intends to continue supporting Biafra to some extent. President de Gaulle, in a press conference on 9 September, said that France may at some future date recognize Biafra, a statement that appears to go one step further than his earlier expression of support for Biafran "self-determination."

The French also apparently intend to facilitate the passage of Biafran representatives to the summit conference of the Organization of African Unity (OAU), which begins in Algiers on 13 September. Emperor Haile Selassie is due to report to the OAU on the results of the Nigerian-Biafran negotiations that have been taking place in Addis Ababa under the auspices of the OAU. These talks, initially begun in the framework of achieving a political settlement and ceasefire, bogged down over the details of getting relief supplies into Biafra. The talks were inconclusively adjourned on 9 September, with the Biafrans hopeful of presenting their case in Algiers to get more international attention. Lagos, however, has been lobbying hard around Africa and has lined up considerable support for its actions to end Biafran secession.

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MOBUTU SEEKS TO IMPROVE CONGOLESE EFFICIENCY

Congo (Kinshasa) President Joseph Mobutu has made several major changes and appointments in recent months aimed at improving the over-all efficiency of his regime.

Mobutu spent most of July palavering with almost every segment of Congolese society. He appeared at these sometimes lengthy sessions with only one assistant and invited open discussion and criticism of his regime. Most groups responded with enthusiasm. Complaints about inflation, ministerial incompetence, or neglected projects were frequently voiced. Mobutu was equally frank, explaining why some problems were currently insoluble and promising to look into others. Often, however, he was amazed to learn for the first time of some major ministerial failings.

Mobutu apparently then consulted with his closest advisers and with selected members of the political bureau. His first major act was a cabinet shuffle in mid-August. In general, those ministers who had proved themselves efficient were promoted to positions of greater status while incompetent ministers were either demoted or removed. Victor Nen-daka, Mobutu's trusted adviser and an extremely capable administrator, was named to the important Finance Ministry, and Joseph N'Singa, an intelligent and dynamic young comer, was named interior minister. The appointment

of two vice ministers to assist Foreign Minister Bomboko presumably is intended to improve efficiency at the ministry, where decisions often must wait on Bomboko's extracurricular social activities.

In late August the governors of the Congo's eight provinces were reassigned and, once again, proven administrators were appointed to the most important or difficult areas. Additionally, four former governors were appointed state inspectors under a new system created to assure provincial compliance with central government directives.

In mid-August, Mobutu also announced a full-scale reorganization of the judicial system and finally appointed a Supreme Court. In early September he named Damien Kandolo, a close associate and capable administrator, to head Gecomim, the Congolese-owned successor to Union Miniere.

The changes may not yet be over: an army reorganization would be desirable and could be in the offing. In the meantime, Congo now boasts the semblance of an efficient regime. Whether the new appointees can do anything toward overcoming the Congo's enormous problems, however, depends upon Mobutu's willingness to support their ideas and his ability to provide them with substantial financial support.

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WESTERN HEMISPHERE

Mexico's volatile but divided students were generally quiet this week. They plan to hold a "silent mourning" march on 13 September, however, which could result in violence. The leftist extremists who control the strike committees have refused to accept the government's offers for talks.

Uruguayan students continued to stage sporadic demonstrations throughout the week, but security forces were able to prevent them from getting out of hand.

In Guatemala, the search for the killers of Ambassador Mein continues as the terrorists show signs of resuming their activities.

Panama's President-elect Arnulfo Arias ended his two-week trip to Europe last weekend and is now in the US talking to government and business officials about additional private investment and economic aid. France reportedly has promised to give some economic assistance and to expand cultural ties, the details of which may be included in a future Franco-Panamanian commercial treaty.

Chilean President Frei visited Brazilian President Costa e Silva last week. A joint communiqué was undramatic, but their stress on Latin American unity can be interpreted as a desire for greater independence with respect to the United States.

Officials in the Dominican Republic are concerned that US intervention in their country in 1965 will be dragged into the debate if the UN General Assembly takes up the Soviet intervention in Czechoslovakia. The Dominican UN ambassador has said his country will have to respond that while there is no real comparison between the two cases, the US action also violated the principle of nonintervention even though taken as a result of the "chaos" then prevailing. The ambassador has implied that President Balaguer has approved this position.

Haitian President Duvalier has commuted the death sentence of British subject David Knox, who had been convicted of complicity in the abortive exile invasion last May. Duvalier is, nevertheless, still preoccupied with exiles who might be planning to launch subversive movements against him.

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GUATEMALAN SITUATION REMAINS TENSE

Action by both the terrorists and the Guatemalan security forces has raised the level of violence in urban and rural areas over the past week. Communist terrorists continue to threaten prominent Guatemalans and US personnel, and have engaged in some bombing attacks and fire-fights with government forces.

A Guatemalan Army patrol killed three guerrillas and lost one officer in a clash on 7 September in southeastern Guatemala. One of the dead guerrillas has been identified as a leader of the Rebel Armed Forces (FAR). In Guatemala City, security forces killed one FAR member while two suspected subversives, one of whom was a woman, committed suicide to avoid capture. The woman may have been implicated in the assassination of Ambassador Mein on 28 August. Incriminating evidence found with the body is still being analyzed.

On 6 September, Guatemalan police captured a FAR insurgent

who later admitted to being a lookout during the ambassador's assassination. The captured terrorist named eight other individuals who participated in the slaying. Although several known members of Communist insurgent groups and other presumed guerrillas have been killed in the last two weeks, the three publicly identified by the government as leading the assassination are still at large.

The government has flooded the country with photographs of these three attached to posters offering a \$10,000 reward for information leading to their capture.

On 5 September, the offices of the Chamber of Industry and the Guatemalan Agriculturalists Association were bombed but there were no injuries.

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VENEZUELA TIGHTENS SECURITY PRECAUTIONS FOR ELECTIONS

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The Venezuelan Government is increasing its security precautions in anticipation of extremists' attempts to interfere with the presidential and congressional elections in December.

The Ministry of Defense has instituted Plan Republica II to coordinate military security for registration and polling sites as well as election materials. The Plan, like one implemented prior to the general election in 1963, designates military zone commanders and provides for rapid deployment of troops in the event of disturbances.

Interior Minister Leandro Moro has met with state governors to discuss the security problem and to coordinate plans for countering terrorist activity. [REDACTED]

[REDACTED] some Colombian guerrillas may have joined bands operating in western Venezuela. Although this claim has not been substantiated, it is likely that some Colombian guerrillas operating in the border area have provided support and assistance.

Government security precautions have been hastened by an increase in guerrilla-terrorist activities, including bank robberies and attacks on electoral registration boards. [REDACTED]

Efforts by the group to rebuild its terrorist capability and finance its operations may have received a sharp setback from recent developments. The police in Caracas this week captured eight members of the band responsible for a series of bank robberies since last January which netted more than \$200,000. Earlier, police in central Venezuela arrested four other terrorists trying to rob a bank.

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A proposal to grant amnesty to all political prisoners, including those involved in past guerrilla activities, may have received a serious setback as well. On 29 August, Defense Minister Gomez bluntly told the press that some political prisoners would not be freed, amnesty or no amnesty. He fears that many would return to terrorist

activities and provide the movement with needed leadership and experience. In effect, his statement was a clear reminder to President Leoni and the political parties that the military is still a political factor and that the armed forces oppose excessive leniency toward extremists.

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MEXICAN STUDENTS STILL SPAR WITH GOVERNMENT

Mexican students have rejected the government's response to their demands and are threatening to continue their movement in the streets. They plan a silent "mourning" march on 13 September, which if carried out will indicate how cohesive the movement still is and will show also the extent of the government's determination to use force.

The latest official reply to the students amounted to a reiteration of the stern position taken by President Diaz Ordaz in his state of the union message on 1 September and probably undermined tentative negotiations that had been under way. The government appears to believe that its behind-the-scenes maneuvering to divide the students has been effective enough to risk provoking the strikers.

An officially inspired "committee of the authentic student

body" has publicly opposed the strike, and other government-influenced sectors have voiced their support for the President. The press has reported the staging of a progovernment, anti-Communist demonstration on 8 September in the capital.

The government may, however, continue to underestimate the students, whose recently found ability to rattle the authorities has been a heady experience that could play into the hands of extremist leaders who have most to gain in a prolongation of the unrest.

The embassy estimates that these radicals have only a limited ability to cause serious disruption at the Olympics starting on 12 October and notes no suggestion yet of any moves growing out of the student protest that might affect US participation.

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