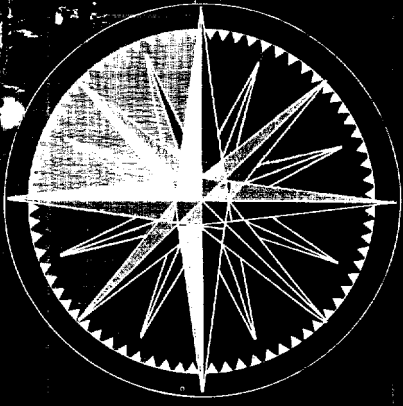


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16 October 1964

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# WEEKLY SUMMARY

State Dept. review completed.

## CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

AGENCY ARCHIVE

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C O N T E N T S

(Information as of 1200 EDT, 15 October 1964)

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## SOVIET MANNED SPACE FLIGHTS

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FLIGHT	DATE	PILOT	DURATION	CAPSULE WEIGHT	ACHIEVEMENTS
VOSTOK I	12 Apr 61	Col Yu. A. Gagarin	1 hr, 48 min	10,425 lbs	First man in orbit.
VOSTOK II	6 Aug 61	Maj G. S. Tirov	25 hr, 18 min	10,432 lbs	Extensive testing of man's performance under weightlessness, including control of capsule.
VOSTOK III	11 Aug 62	Maj A. G. Nikolayev	94 hr, 22 min	10,364 lbs	Proved ability to accomplish a near pass of two vehicles (about 3.5 nm). Scientific data on prolonged weightlessness. Simultaneous tracking and control of two vehicles. Extensive experimentation with manual control.
VOSTOK IV	12 Aug 62	Lt Col P. R. Popovich	70 hr, 57 min	10,364 lbs	
VOSTOK V	14 Jun 63	Lt Col V. F. Bykovskiy	119 hr, 6 min	10,412	First woman in space. First non-pilot in space. Comparison of male and female.
VOSTOK VI	16 Jun 63	Jr. Lt V. V. Tereshkova	70 hr, 50 min	10,425	
VOSKHOD	12 Oct 64	Col V. M. Komarov Crew: K. Feoktistov Dr. B. B. Yegerov	24 hr, 17 min	Est. approx. 14,000 lbs	First multi-manned flight. First scientific personnel in orbit.

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**SOVIETS ORBIT THREE-MAN SPACECRAFT**

The maiden flight of the new three-man Soviet spacecraft, the Voskhod, apparently went off almost exactly as planned and appears to have been a complete success. The one-day flight of the world's first multimanned spacecraft marks a significant advance in the Soviet space program, and will probably provide large amounts of unique biomedical and other data. Launched on 12 October from Tyuratam, Voskhod was recovered after slightly more than one day in orbit.

The crew consisted of a pilot, a doctor, and a scientist. During the flight, the doctor, an aviation and space medicine specialist, reportedly conducted physical examinations

and tests, while the scientist monitored instruments, operated equipment, and took photographs.

During the flight, the crew maintained communications with ground stations in the USSR over several radio frequencies. A television system, somewhat improved over the Vostok system, transmitted pictures of the crew members and their activities.

Details of the capsule's configuration and systems are not known. The Soviet announcement that the cosmonauts did not wear pressure suits suggests that the environmental control system has been greatly improved over that used on the Vostok capsules and that the Soviets have a high degree of confidence in the reliability of the Voskhod.

Voskhod landed after 24 hours and 17 minutes in orbit. The Soviets announced that the three cosmonauts aboard were unharmed.

A multimanned spacecraft such as a Voskhod could be used as part of an orbiting space station. Future Voskhod flights will probably be of longer duration, and may include attempts to rendezvous and dock with other spacecraft, manned or un-

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The Communist World

**SOVIET MILITARY TEAMS INSPECT FOREIGN AID PROGRAMS**

The Soviet Ministry of Defense, through its general staff, is showing increased interest in the performance of Soviet military personnel abroad and is apparently instituting annual inspection trips. It seems particularly interested in those personnel instructing foreign nationals in the operation and maintenance of Soviet military equipment.

Although the State Committee for Foreign Economic Relations, through its Chief Engineering Directorate, controls foreign military assistance, the Ministry of Defense apparently staffs training and maintenance missions abroad and assumes responsibility for foreign national trainees. Members of the 10th Directorate, a main directorate of the general staff concerned with external relations, are beginning to make regular scheduled visits to countries which have well-established Soviet military aid programs. During their visits, these officers probably also review military aid programs as a basis for Ministry of Defense recommendations to the Council of Ministers.

Recipients of Soviet military aid, however, seem to treat representatives of the Chief Engineering Directorate, which negotiates and administers the military aid program as a whole, with more interest and deference than the general staff visitors.

Available information indicates that the inspection parties pay particular attention to the performance of Soviet military personnel. In Syria, they reportedly examined the "accomplishments" of Soviet military advisers with the army. In Iraq, the delegation is reported to have stated its mission is the inspection of Soviet military personnel and not equipment.

A visit to Zanzibar in August by the chief of the 10th Directorate coincided with the arrival of additional Soviet military personnel and with reports that the Zanzibar and Tanganyika military establishments would be combined. Such a move would require additions to and perhaps changes in the Soviet military presence.

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## The Communist World

## AREA NOTE

The USSR has ordered a special review of factory norms --production quotas on which wage payments are based--to be completed by March 1965. An upward revision is likely, since the annual reviews ordered in 1956 have obviously failed to keep norms in step

with technological developments. At present, many workers are being paid a bonus for surpassing norms which are set too low in relation to the existing technology. The workers, however, would resist any attempt to increase norms substantially.

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## CHINESE COMMUNIST FOOD PRODUCTION STILL INADEQUATE

Grain production in Communist China seems about to fall behind population growth for the sixth successive year. The sober national anniversary prediction of a "relatively high" harvest has been followed by a trade official's statement that the 1964 output will be about 190 million tons or only 2-3 percent more than the 185 million tons the Chinese claimed for 1957, when the population was 80-100 million smaller.

The current food situation can be called good only in comparison with the disaster

years 1959-61. Average daily caloric intake, bolstered by grain imports and a large increase in production of subsidiary foods on private plots, has climbed from a 1960 low of about 1,400 to about 1,800, but is still below the 2,200 estimated for 1957. Subsidiary foods now are providing up to 10 percent of the total food available.

Grain production since 1962 has hovered at a few million tons more or less than the 180 million estimated by US intelligence for 1957. Output in 1964 may well increase 2-3 percent over 1957, but

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will probably not reach 190 million tons.

No major changes appear to be contemplated in the agricultural policies which during the last several years have failed to bring the 4-5 million tons annual increase in grain output required by the 12-15 million annual population increase. In addition, the regime has given clear signs that private food production will not be encouraged beyond its present level.

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A Chinese official has told [redacted] China will continue to import grain for some years, largely to supply the growing population and rebuild reserves. So far in 1964, Peiping has purchased a record 6.4 million tons, consisting of about two million apiece from its major suppliers Canada and Australia, well over a million from Argentina, and lesser amounts from Mexico, France, and Burma. Since their beginning in 1961, grain imports have averaged 5.8 million tons annually. Imports in 1963 totalled 5.7 million tons.

China has also undertaken negotiations with Western grain suppliers for future deliveries with emphasis on long-term contracts. A three-year, million-ton deal has been concluded with Argentina for deliveries late this year and for 300,000 tons each to be delivered in 1965 and 1966. A million-ton deal with France reportedly calls for deliveries during 1965-67. Australian and Canadian delegations have recently

traveled to Peiping to negotiate 1965 purchases, and further contracts with Argentina, which has had an exceptionally large wheat harvest, are likely.

Beginning in mid-1963, a birth control campaign with a mixture of coercive measures, propaganda, and information was started in some large urban centers. Higher age restrictions on marriage, threats to welfare benefits, refusals to grant offending couples assignments in the same locality, and similar measures are reported to have reduced the birth rate significantly in Shanghai. However, nothing has been accomplished and little is being attempted in the rural areas where the birth rate problem centers. Even an immediately successful nationwide campaign will not substantially reduce pressure on food supplies for a decade or more.

Grain production in the near future will probably continue to make gradual gains, but many of the factors contributing to increased production since 1962 appear to be played out. The chemical fertilizer industry is not likely to repeat its 40-percent increase in output between 1960 and 1964. Pressure seems almost certain to build up for reviving industrial crop production at the expense of food acreage so that light industries--like the cotton textile industry--dependent on agricultural raw materials may increase their level of activity. [redacted]

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Asia-Africa

**PLANNING PROCEEDS FOR CIVIL RULE IN SAIGON**

The High National Council appears on the verge of announcing a provisional constitution and naming a chief of state. The council hopes that a predominantly civilian government can be formed by 27 October, the self-imposed deadline for replacing General Khanh's military regime. However, differences and mutual suspicions between Khanh and the High National Council have been evident and may still force last minute changes in the council's course of action.

The council's 17 members apparently now agree that the installation of a national assembly should be deferred for three months or more to arrange some form of elections which would give the assembly a more representative base. They intend to authorize the chief of state to select, with council approval, a premier who in turn will form his own cabinet. General expectations are that they will ask General Minh to stay on as chief of state.

Council members are concerned that Khanh is applying pressure to retain power, and suspect he may try to discredit their work. Khanh continues to insist that he prefers a key military role in the new government, but has manifested a clear willingness to stay on as premier.

The Buddhist leadership is continuing to discourage demonstrations pending the outcome

of the High National Council's deliberations. The leaders of the People's Revolutionary Force in Hue, two of whom sit on the council, are likewise attempting to keep control of local chapters now existent in many central Vietnamese towns. In some of these towns, the movement appears to be losing much of its initial steam, owing to a combination of factors including factionalism and a possibly Catholic-inspired backlash against involvement of students and professors in politics.

In the central highlands, there are signs of renewed restiveness on the part of tribal minority groups. Rhade tribesmen who participated in last month's uprising in Darlac and Quang Duc provinces reportedly continue to be disaffected. Local Vietnamese security officials fear a resumption of their armed dissidence. There is also a report that other tribes in Pleiku and Kontum provinces may stage an uprising.

Total Viet Cong activity declined slightly during the week, but was far more intense; this is reflected in the marked increase in government casualties and weapons losses. For the first time in recent weeks, there were also several battalion-sized or larger actions, including a major confrontation in Tay Ninh Province resulting in sizable casualties on both sides.

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Asia-Africa

**RIGHTISTS INCREASE PRESSURE IN LAOS**

There are indications that the rightists plan to step up their military pressure against the Pathet Lao while efforts continue to get the rival factions together again in Paris. King Savang recently told the US ambassador he hoped that before the end of the year the government will have reasserted its authority over the Plaine des Jarres as well as areas of central Laos now held by the Pathet Lao.

The Laotian Air Force already is expanding operations against Communist targets in central and southern Laos. On 14 October, government aircraft began a series of strikes in the border corridor used by the North Vietnamese to move troops and materiel into southern Laos and South Vietnam.

The Pathet Lao, who apparently had some advance warning of the air strikes, have warned that, "if massive attacks" are carried out, "a disastrous war would again occur in Laos." In a 10 October note to the Indian ambassador in Vientiane, the Pathet Lao called upon representatives of the International Control Commission to visit Khanh Khay for an "urgent" meeting.

On the political scene, there are persistent reports of friction within the rightist camp. General Phoumi, whose strength had been curtailed following the April coup, now appears to have won back the support of security chief General Siho who commands a significant number of troops in the Vientiane area. Phoumi's opponents are the Sananikones and their military front man, General Kouprasith. A precarious equilibrium is being maintained; neither faction appears willing to assume the onus of prematurely upsetting the Souvanna coalition and thus alienating necessary Western support.

Premier Souvanna has returned to Paris, prepared to resume talks with Prince Souphannouvong over terms for reconvening a new international conference.

Souphannouvong has spent most of his time in Peiping since the initial Paris talks broke up in late September, and he has not yet indicated whether he is prepared to return to Paris to join in further negotiations.

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## IRAQI POLITICAL TENSIONS INCREASE

Baghdad is more restless than at any time since last November's anti-Baathist coup. Rumors of possible coups are circulating freely and the government is showing signs of uneasiness.

Tensions between pro- and anti-Egyptian elements in the regime have grown recently because of signs--particularly the arrival of around 200 Egyptian troops--that Iraq is moving toward some form of early union with Egypt. Rumors, reinforced by Israeli broadcasts, that this force soon will be greatly augmented have increased the apprehension of anti-Egyptian elements both in and out of the government. It is also widely believed that a forthcoming meeting of the "joint presidential council," established by the two countries last summer, will result in a new step toward political union.

These moves and counter-moves may be related to the recent redeployment of a considerable number of Iraqi Army units. It had been planned that Egyptian troops were to participate in two highly publicized maneuvers, but this has now been ruled out, possibly because anti-Egyptian groups in Iraq were apprehensive.

One force has been deployed in the desert near the Jordanian and Syrian border, ostensibly on the orders of the United Arab Command as a counter to possible Israeli threats to Jordan.

The pro-Egyptian elements appear to have formidable assets at the moment, notably control of a number of important army positions. Victory for them, however, would probably lead to an eventual violent reaction by many army officers who would strongly resent Egyptian domination, and by the Kurds, who do not want to be submerged in a greater Arab state.

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Asia-Africa

## CYPRUS STALEMATE CONTINUES

No significant progress has been made toward ending the impasse over opening the Nicosia-Kyrenia road, and the Makarios-Grivas split continues.

The Turkish Cypriots have resisted pressures from both the UN and Ankara to transfer control of the road from their armed police to the UN. Makarios remains adamant that unless the road is removed from Turkish Cypriot control the Turks will not be permitted to rotate their troops on Cyprus. Some members of the Turkish contingent have petitioned Ankara not to insist on rotation if the price is a vital Turkish Cypriot concession on the road.

Recent tours of Turkish Cypriot areas by US officials have revealed a gradual improvement in the economic situation as the Greek Cypriot blockade has been eased. Morale among the rank and file appears to be fairly good, but local Turkish leaders in Western Cyprus are described as "tired and beaten" men.

Makarios won support at the conference of nonaligned

states for his demand for unfettered independence for Cyprus. This will probably move some opposition Turkish politicians to end their advocacy of closer Turkish cooperation with the nonaligned states.

While in Cairo, Makarios also came out for the first time publicly for abolition of all foreign bases on Cyprus as a precondition for enosis--union with Greece. General Grivas, on the other hand, continues to push for enosis and is not calling for abolition of the present British bases. In a speech on 11 October, he went out of his way to be conciliatory in references to Turkey and Premier Inonu.

Greek Foreign Minister Kostopoulos says that his country is aware of the need to improve its position on Cyprus in the face of growing opposition from Makarios. He states that a new committee has been set up in Athens to coordinate all governmental efforts to improve Greek political assets on the island. Greek officials state they are still in the dark as to the specific details of the Soviet-Cypriot agreement recently concluded in Moscow.

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# Second Conference of Nonaligned Nations

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Asia-Africa

**SECOND NONALIGNED CONFERENCE**

The second nonaligned conference followed a predictably anti-Western course, but evidently did little to promote the concept of nonalignment or enhance the prestige of its practitioners.

Dissension between moderate and extremist leaders marred the final sessions. A Sukarno-led move to introduce a number of pro-Chinese and specifically anti-Western statements into the final communiqué was eventually overruled by the Tito/Shastri/Nasir clique favoring more general and less controversial resolutions. Publicity over the split, however, helped to destroy the aura of unanimity and statesmanship which conference leaders had hoped to achieve. The furor in the world press over Tshombé's unexpected appearance and ensuing confinement overshadowed the activities of the conference itself and helped further to dissipate any atmosphere of dignity which might otherwise have been realized.

The already shadowy concept of "nonalignment" has become only more confused. Efforts to establish permanent lines of communication among conference participants failed to win majority support, and the final resolution made no attempt either

to define nonalignment or to spell out its principles.

The West bore the brunt of condemnation. Nevertheless, most of the anti-Western sections of the communiqué were broadly phrased, and none hit as hard as their extremist backers had suggested. Articles on such potentially dangerous subjects as divided nations, colonialism, and disarmament were couched in fairly general terms. The US and Britain were scored most heavily and specifically on the issue of foreign bases.

Efforts by various individual leaders to increase their own international stature and promote their pet interests appear to have been largely unsuccessful. With the eventual acceptance of the Yugoslav proposal on coexistence, Tito appears to have acquired more than most, although his victory was a narrow one over Sukarno's extremist group. The absence of Nehru's strong influence, as at Belgrade, partly accounts for Sukarno's greater impact. Shastri held his own among the more experienced leaders, and joined with Nasir and Tito in finally steering the Cairo meeting to its essentially moderate conclusions.

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Asia-Africa

**BELGIAN AID PLANS FOR THE CONGO**

Belgium plans a marked increase in its civilian and military support for the Tshombé government in the near future to help restore orderly rule throughout the Congo.

Robert Rothschild, a principal adviser of Foreign Minister Spaak, has worked out a plan to aid the national administration of the Congo through support at all levels. A senior Belgian adviser would head an administrative council under Tshombé, and be in charge of Belgian technical personnel in the Congo, including advisers at the highest levels of the ministries of foreign affairs, justice, and interior.

Belgium had previously approved a project for reorganizing the administration of the Congo on a local level in certain areas. This project would be integrated in the national plan. Five- or six-man teams, composed primarily of Belgians, and including specialists in such areas as finance, public health, and justice, are to be sent into towns reconquered from the rebels. These teams are apparently required to re-establish and administer public utilities, medical care, and police functions. These services would permit the return of town populations from the bush and a renewal of economic and commercial activity.

In addition, during the past two months, Belgian Colonel

Vander Walle, Tshombé's military adviser, has elaborated a military plan for the reconquest of the rebel-held areas of the Congo. [REDACTED]

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Tshombé, who was greeted on his return to the Congo by massive popular demonstrations of support, claims that he will not take strong retaliatory measures--such as breaking diplomatic relations with Nasir--after his mistreatment in Cairo. His statements attacking Egypt and Algeria--two of his chief detractors in Cairo--are, however, fanning the latent distrust many black Africans feel toward Arabs.

Tshombé's position among moderates probably has not been seriously weakened as a result of the Cairo episode. No country, African or otherwise, has yet indicated that it intends to recognize the rebel regime in Stanleyville.

There are signs, however, that the radical African states will attempt to get the Organization of African Unity commission on the Congo to draw up a blistering anti-Tshombé, anti-US report. [REDACTED]

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Asia-Africa

**NORTHERN RHODESIA'S INDEPENDENCE PROSPECTS**

On 24 October Northern Rhodesia will become independent under the name of Zambia, with brighter prospects for economic well-being than any other newly independent state in Africa. President Kenneth Kaunda, a moderate, must cope with active extremist pressures if he is to maintain his country's stability at the crossroads between the white- and black-ruled portions of the continent.

Northern Rhodesia has the world's third largest copper industry. Copper accounts for 46 percent of the country's gross domestic product, generates an export income of \$300 million annually, and employs some 50,000. Kaunda, however, has challenged the legality of a 19th century British grant of mineral rights to the British South African Company (BSAC). He has announced that independent Zambia will take over these rights, which bring in some \$17 million annually in royalties from mining companies.

Negotiations have failed to bridge the gap between Kaunda's token offer of \$5.6 million in compensation and BSAC demands for \$50 million. Kaunda's government now threatens to expropriate the mineral rights without compensation, because Britain refuses to be liable for the concessions.

The Zambians are aware that expropriation would tend to discourage further foreign investment, and have reassured the operating companies against any intention to move against them. Kaunda, so far, has avoided alienating the two percent European minority of the population which plays the critical economic role.

Any snarl in Zambia's relations with Britain or any curtailment of the Western economic role will play into the hands of the radical minority within Kaunda's dominant United National Independence Party (UNIP). They favor turning to Communist countries for financial and technical assistance needed for Zambia's ambitious development programs. In seeking to counterbalance opposing views within his cabinet, Kaunda has announced that Zambia will recognize both Communist China and West Germany--ostensibly because their governments rule a large majority of the Chinese and German populations.

The radicals also seek to align Zambia with the militant nationalists against the remaining white governments to the south. An early unilateral declaration of independence by Southern Rhodesia would sharpen this issue.

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Europe

**STATUS OF THE MULTILATERAL FORCE DISCUSSIONS**

Prospects for completing the proposed multilateral nuclear force (MLF) charter by the end of the year remain uncertain. The US and West Germany are still the only nations committed to the project, while all efforts to resolve outstanding problems with other nations have been at a virtual standstill since last summer.

Part of the delay is due to the UK's insistence that its proposals for a land and air multilateral force be considered. A military committee has been studying these proposals and will probably report to the parent eight-nation "Working Group" early next month. The report is expected to acknowledge the military feasibility of the British ideas, but may contain reservations about certain "safety and security procedures."

Other committees have recently submitted "interim" reports on such questions as membership, juridical status, organization, and the MLF's relationship to NATO. The Working Group itself, acutely conscious of delicate political situations in some member countries, has been marking time on more sensitive matters, including those of cost-sharing and control.

The Cyprus dispute has dampened Greek and Turkish interest in the MLF. Belgium appears unable to make a commitment before its next general elections, scheduled for March. The shaky Italian Government seems incapable of reaching a decision on joining the force.

The Dutch appear willing to go along, but are waiting to see what the UK will do.

Britain's position is presently the pivotal one. The preponderance of evidence indicates that London will stall off a final decision as long as possible. A senior British Defense Ministry official recently argued that it could prove beneficial if the British did not join MLF, since Britain could then serve as a "bridge" between the MLF, France, and the nonnuclear members of NATO.

The West Germans are increasingly anxious to move ahead. Chancellor Erhard has even suggested that Bonn and Washington might proceed together to set up the MLF. This overeagerness, however, promises to backfire.

The Norwegian prime minister has already announced his country will actively oppose MLF within NATO on grounds that it means a further dissemination of nuclear weapons.

Paris, meanwhile, may be moving from passive to active opposition to the MLF. It is pressuring Belgium to bow out lest European unity be jeopardized. Also, a full brief on the MLF, including a round-up of European attitudes, is said to have been pouched to De Gaulle in Montevideo at the general's request.

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Europe

**FRENCH-RUSSIAN TRADE NEGOTIATIONS**

France is likely to grant the USSR credit terms of more than five years during the current trade negotiations in Paris. French officials feel that Britain's extension of 15-year credits to Russia--contravening the five-year limitation on credits to Russia heretofore observed by the West--necessitates a more liberal French position if France is to remain competitive. In the EEC Council of Ministers' debate in mid-September, Paris claimed that the credit question was a "political matter" and thus outside the council's competence.

French firms had negotiated \$350 million dollars worth of precontracts with the USSR before the Paris talks began. Four French banks agreed to extend 10-year credits for these contracts if the French Government would guarantee them. Although the government refused to commit itself on this specific proposal, French officials indicated privately that Paris would probably agree to a blanket extension of credit terms

during the negotiations. If 10-year credits are extended from the date of contract signature, their effective period--from the date of delivery--would actually be only seven to eight years. Under current practice the five-year term usually begins on the date of delivery.

In order to discourage Moscow from believing it can finance all future purchases with long-term credit, Paris' initial bargaining position will probably be that Moscow can receive new credits with longer repayment periods only if it maintains the present level of purchases on five-year terms. French economic experts are not optimistic, however, that Russia will agree to this. Soviet imports from France in 1963 and 1964 have been sharply reduced. There has been a tendency in France to interpret this reduction--largely due to the fulfillment of old contracts and the necessity for large foodstuffs purchases elsewhere in 1963-64--as evidence of Soviet dissatisfaction with France's credit policy.

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Europe

**LEADERSHIP PROBLEMS IN THE FRENCH COMMUNIST PARTY**

The traditionally monolithic French Communist Party (PCF), three months after Maurice Thorez' death, seems to be still without effective long-term leadership. Waldeck Rochet, who was appointed secretary general last May when the ailing Thorez was elevated to the party presidency, is in failing health and is having trouble consolidating his authority. Rochet does not appear to be in any immediate danger of losing his job. Party leaders recognize the need for continuity to help maintain party discipline, disrupted by Thorez' death, and the still dominant Old Guard supporting Rochet are not likely to relinquish their power without a fight. An old-line stalwart, therefore, such as politburo member Jacques Duclos, also in ill health, would probably be chosen to succeed Rochet if he should disappear from the scene any time soon.

The Old Guard's grip on the party is likely to be challenged eventually by at least two rising functionaries, Georges Marchais, a member of the party secretariat, and Francois Billoux a politburo member.

Marchais had been mentioned last spring as a possible successor to Thorez, and he has been

given good publicity in the party daily L'Humanité. His relative youth (44) could also be an asset.

Billoux (61) has gained prestige recently through his numerous articles in the party weekly France Nouvelle and in L'Humanité recommending an understanding of the Italian Communist position on world Communism. He is also active in Marseille politics, where he is reported to be working toward an understanding with the Socialist national presidential candidate, Gaston Deffere.

Any succession struggle would inevitably highlight the question of how independent the party should be of Moscow's control. Sentiment for a large measure of autonomy is already running strong among the party's younger elements. The PCF as a whole generally seems disposed to work for alliances with other leftist groups, particularly the French Socialist Party (SFIO). In the party's effort to appear as a genuinely national democratic force, Rochet has projected a better image than Thorez. However, closer cooperation may not be attainable without younger men, who are less directly tied to Moscow than are the Old Guardsmen.

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Europe

**WEST GERMAN - WEST BERLIN RELATIONS**

The West German Government is displaying increasing eagerness to expand its ties with West Berlin. Bonn runs the risk of impinging on Western allied interests, but it is unlikely to go so far as to encroach on allied responsibility for the security of the city.

The Bonn cabinet met officially in Berlin earlier this month for the first time in six years. Some 450 Bundestag members also assembled there to conduct parliamentary business. This activity, however, was routine, and press coverage, in accordance with allied wishes, was low keyed.

These events underscored the West German attitude that West Berlin is legally a part of West Germany, in contrast to the allied position that the city remains under four-power control.

Friction on this score has thus far been minimized by allied willingness to permit the development of full economic, and some political relations between West Germany and Berlin. In turn, German leaders have generally supported allied rights in Berlin, and resisted attempts to erode them.

It appears likely that Bonn's next goal will be a full

plenary session of the Bundestag in Berlin before the end of the year. No such meeting has been held since 1958 because of allied reservations, but the idea is picking up support in West Germany. The Free Democratic Party--Chancellor Erhard's coalition partner--has already come out in favor of it and it has long been a pet project of Bundestag President Gerstenmaier.

West German political circles are also debating a number of other ways in which Bonn-Berlin ties might be strengthened. These include electing Bundestag members directly from Berlin, moving certain federal governmental offices to Berlin, and simplifying the procedure by which federal law is made applicable to Berlin.

With 1965 an election year, Christian Democratic leaders in Bonn may be expected to step up their support for these proposals in order to steal a march on Mayor Brandt, a Social Democrat. In addition, Bonn leaders, frustrated in making progress on reunification, feel they can best demonstrate their good intentions by taking a stronger line on Berlin.

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Europe

## AREA NOTES

Finland: The opposition Social Democratic Party emerged from recent municipal elections, in which approximately 75 percent of the electorate participated, with more votes than any other party. It polled about 470,000 votes, compared to 430,000 for the Communists and 420,000 for the Agrarian Party which dominates the government coalition.

The Agrarians held their own, both in terms of total vote and municipal offices won. The Communists, on the other hand, lost some 40 municipal council seats even though their share of the total vote went up by 10,000 over what it was in the last local elections. They lost enough seats in Turku and Tampere so that they

Italy: Italian financial officials are moderately optimistic that the Moro government's policies will soon permit the economy to regain a satisfactory rate of growth. Favorable factors in recent months include a sharp improvement in the Italian balance of payments and the curbing of speculation against the lira. The increase in consumer prices has slowed down, and the prospects for holding the wage-price rise more in line with that of Italy's European neighbors are considered to have improved. In line with this are reports that union officials are taking a more cautious attitude toward pressing for wage increases because of uneasiness over the job security of their followers.

can no longer block legislation in those important cities.

The most likely explanation of this Social Democratic victory is that the party benefited from a large protest vote. There has been a growing popular dissatisfaction with a series of ineffectual right-of-center coalitions as well as with the actions of the recently replaced caretaker government which resulted in a sharp rise in the cost of living.

In any event, this upsurge for the Social Democrats marks the failure of President Kekkonen's efforts to split the party and probably kills any plans that the government parties may have had to hold an early parliamentary election.

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There are, however, still a number of unfavorable factors in the Italian economic picture. Demand for all goods is dull, and many industries are operating considerably below capacity. Unemployment is becoming a more serious problem, particularly in the construction industry.

To deal with this situation, the government is moving to step up construction projects, and is proposing outlays of over \$1 billion in its 1965 budget for housing, school building, and other public works.

In the background is the ever present threat of another government crisis which could undo the progress now being achieved on the economic front.

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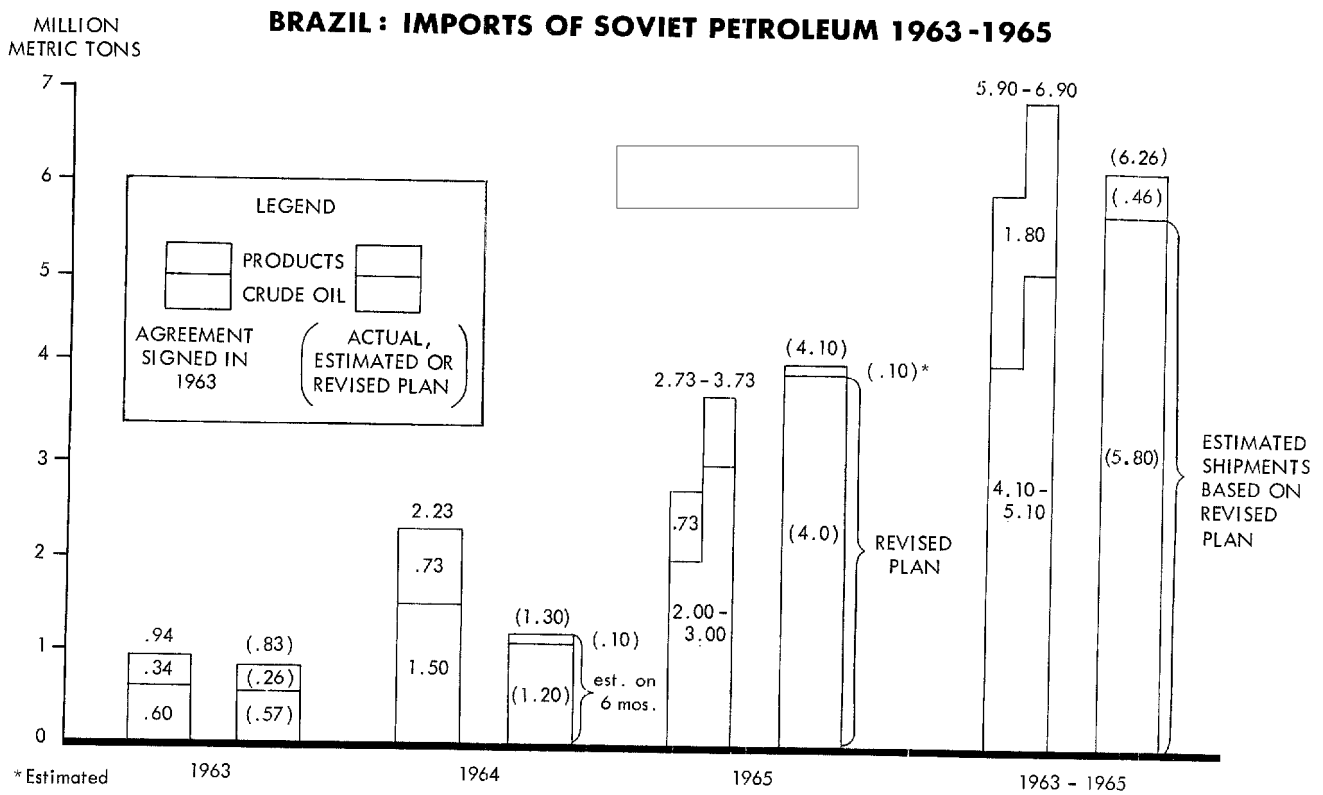
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Western Hemisphere

## NEW SOVIET-BRAZILIAN OIL CONTRACT SIGNED

Brazil will more than double its 1964 purchases of Soviet crude oil next year if the terms of a recently negotiated addendum to the existing Brazilian-Soviet trade agreement are fulfilled. The contract, which calls for a total of four million metric tons of Soviet crude to be shipped to Brazil in 1965, would provide for nearly one third of Brazil's total petroleum imports next year as compared to slightly more than 10 percent this year.

No details concerning the terms of payment or other provisions of the agreement are presently available. The price, however, reportedly will be lowered from \$2.00 to \$1.93 per barrel, which would be roughly competitive with world prices.

Based on past experience, it is doubtful that the quantities of crude involved in the agreement will actually be received. Deliveries of Soviet oil to Brazil thus far have fallen below programmed annual levels. It is believed, however, that the USSR could supply Brazil with the quantities provided for in the new agreement without cutting its deliveries to traditional Soviet oil purchasers. The total Soviet crude imported by Brazil during the 1963-65 period, should the

agreement be fulfilled, would still fall within the limits envisaged under the original trade pact.

The immediate reactions of American and British petroleum suppliers to the new contract have been mixed. Some regard it as unfair to those who have been waiting up to two years for Brazil to pay for earlier petroleum purchases. It is clear, moreover, that the delivery of the full amount of crude specified in the new Soviet-Brazilian contract would more than offset the modest increase in Brazilian demand forecast for 1965, thus displacing some of the oil normally purchased from traditional suppliers.

Moscow may hope that the new petroleum contract will encourage the Brazilian Government to seize upon other issues to demonstrate a greater "independence" in its policies. Despite its avowed interest in increasing Brazil's trade with all areas of the world, the Castello Branco regime has firmly declared Brazil's political allegiance to the free world. Brazil therefore is expected to continue its formally correct relations with Communist countries.

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Western Hemisphere

**VENEZUELAN TERRORISTS STEPPING UP ACTIVITIES**

The kidnaping of the deputy chief of the US Air Mission in Caracas on 9 October together with an explanatory message issued by the Communist-dominated Armed Forces for National Liberation (FALN) have confirmed the FALN's intention to continue a program of violence.

On 11 October a US-owned pipeline was dynamited in eastern Venezuela. The FALN probably will continue its attacks, which in the past have included burning US and Venezuelan firms, dynamiting pipelines as well as bridges, and assaults on Venezuelan security forces.

FALN membership is presently estimated at around 1,800 including support personnel. This represents an increase of about 1,000 in about a year's time. Its present campaign differs from the one conducted last year to disrupt the elections, in that it is more cautious and calculating, and there are signs of better planning. The new pattern is apparently to concentrate on major operations, but to keep up minor nuisance actions in the intervals between them. There was a se-

ries of robberies, explosions of bombs loaded with propaganda leaflets, and sabotages of communication lines during the period between 21 September, when a large highway bridge was dynamited, and the recent kidnaping affair.

What the FALN allegedly seeks from the Leoni government is an amnesty for political prisoners as well as the political rehabilitation of both the Communist Party (PCV) and the Movement of the Revolutionary Left (MIR). The FALN may realize that there is little chance of extracting such concessions by duress, so its real objective could be to refurbish its public image as a serious challenger of the government's authority.

Meanwhile, the cabinet's resignation on 13 October was a move that has long been in the making. It will give President Leoni a chance to reshuffle the portfolios to form a more "broadly based" government. This "business as usual" attitude also reflects the administration's confidence to contain the FALN threat.

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**AREA NOTE**

De Gaulle's Trip: During the final week of his swing through South America, De Gaulle changed neither the pace nor the pattern of his routine. He drew large, though somewhat impassive, crowds in Paraguay and Uruguay, but his public appearances in Argentina were marred by Peronist-instigated disorders. In Brazil, the turn out in Rio de Janeiro was impressive

but smaller than that for Mexico's Lopez Mateos in 1960. De Gaulle's continued emphasis on the "third-force" theme apparently made no more impact on Latin leaders than it had before. His persistent vagueness about the expansion of European markets for local commodities is not calculated to loosen South American ties with the US.

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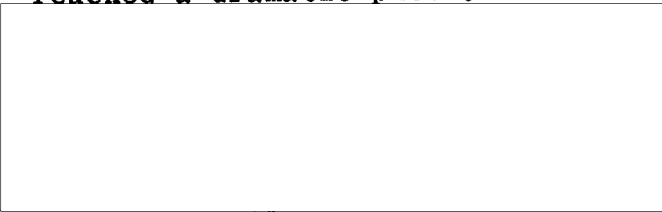
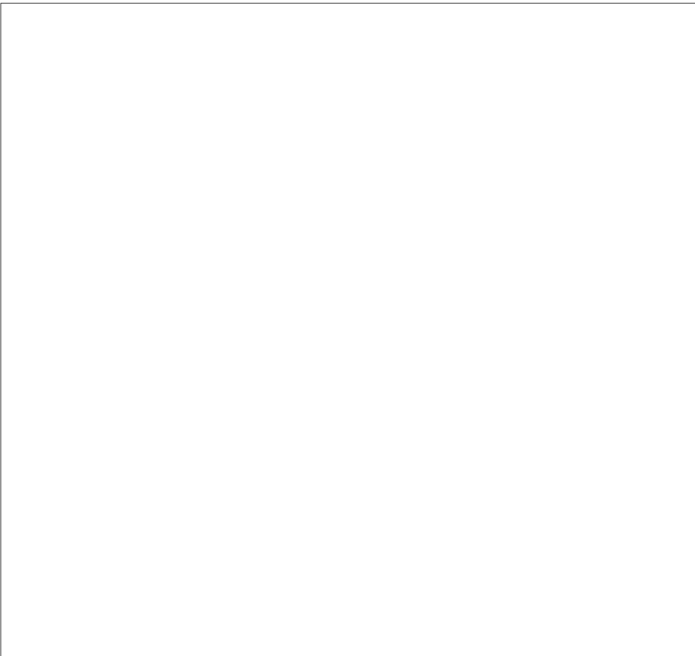
Western Hemisphere

**CASTRO CONTINUES TO CUT POWER OF "OLD" COMMUNISTS**

Six months after the highly publicized political trial of Marcos Rodriguez, the Cuban regime continues to suffer from antagonisms between the "new" and "old" Communists. Rodriguez, a veteran "old guard" Communist, was convicted on the charge of betraying a group of anti-Batista student revolutionaries in 1957.

velopment chiefs. The formation of the Ministry of the Sugar Industry, which removed the nonagricultural elements of sugar production from INRA control, may have reflected the same motive.

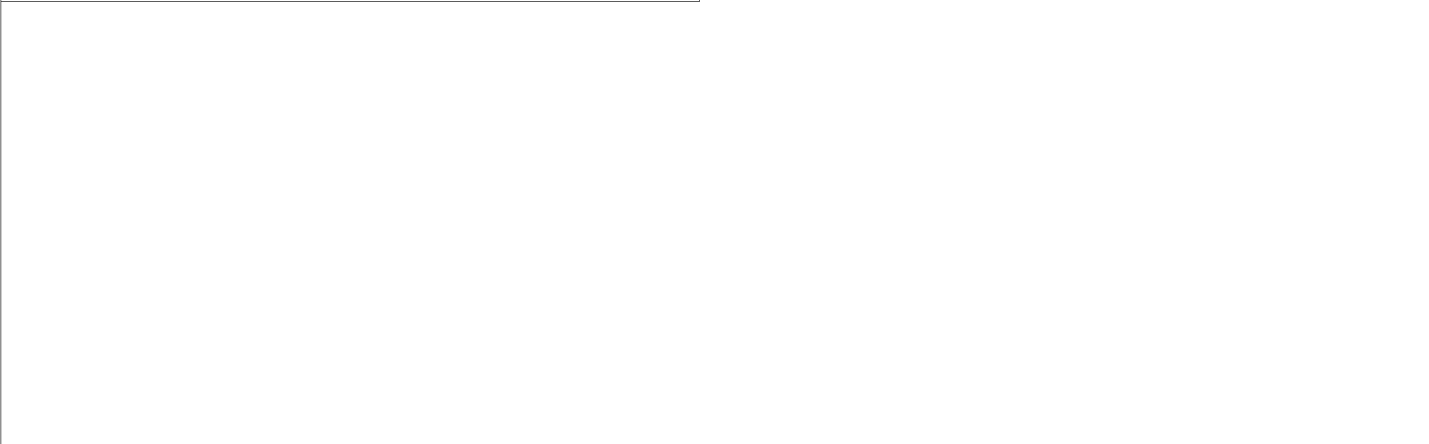
Castro's disaffection with the United Party of the Socialist Revolution (PURS) which grew from an amalgamation of Castro's 26 of July Movement, the pre-Castro Communist Party (PSP), and the student Directorate, is reported to have reached a dramatic pitch. The



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It is unlikely that the party structure will be drastically altered at the present time, however, since Castro is probably under pressure from Moscow to build an effective institutional base for his regime.



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**AREA NOTE**

Colombia's well-meaning but maladroit President Guillermo Leon Valencia is getting into increasingly deep trouble. With only the weakest control over Congress, Valencia's administration has not made much progress in dealing with such problems as inflation, lagging agricultural production, and implementing basic reforms.

The administration's problems have been compounded recently by Valencia's personal behavior. He

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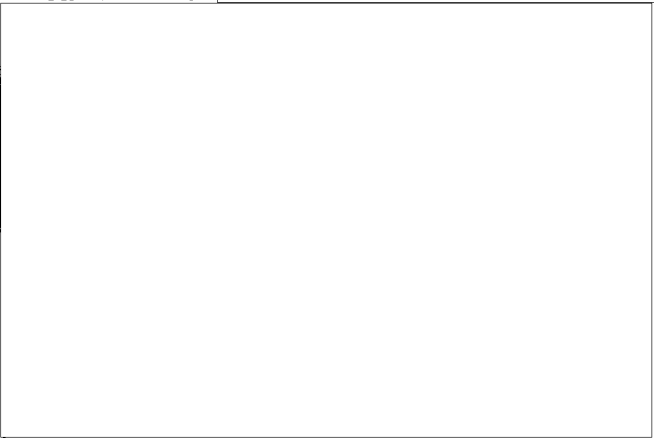
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Valencia, consequently, has become the target of mounting public criticism; there are even cries within his own Conservative Party that "Valencia must go."

There are also indications that this discontent may turn into a move to oust Valencia. A legal maneuver to replace him in favor of ex-President Mariano Ospina Perez is already rumored in Bogota. Another possibility is a military takeover.

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