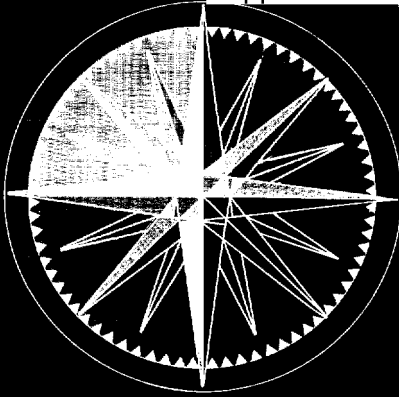


SECRET

Approved For Release 2008/05/21 : CIA-RDP79-00927A004900030001-7



21 May 1965

OCI No. 0290/65

Copy No. 073

# WEEKLY SUMMARY

## CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed

25X1



SECRET

GROUP 1 Excluded from automatic  
downgrading and declassification

49-80035 0104

Approved For Release 2008/05/21 : CIA-RDP79-00927A004900030001-7

**Page Denied**

**SECRET**

C O N T E N T S

(Information as of noon EDT, 20 May 1965)

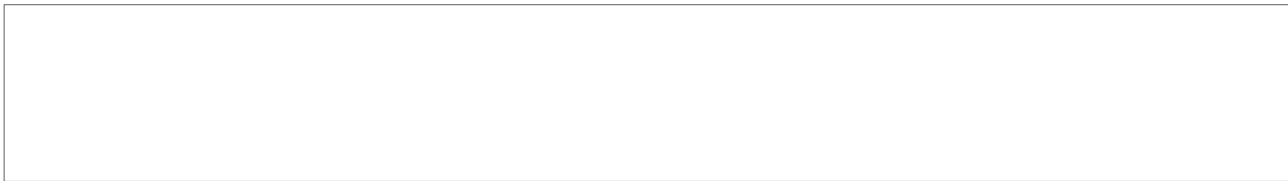
	<u>Page</u>
<b>VIETNAM</b>	1
<p>Soviet surface-to-air missiles equipment has apparently arrived in Hanoi, as indicated by [redacted] photography of the SAM site 15 miles south southeast of the city. Construction continues at the other SAM site southwest of Hanoi. Hanoi's fighter inventory also continues to grow, and Moscow evidently has also provided new ground equipment. There has been no authoritative Soviet commentary on President Johnson's 13 May speech, but Peiping and Hanoi have replied negatively. In South Vietnam, government forces are attempting to retain the initiative in the face of anticipated intensification of Viet Cong operations during the rainy season, which now is beginning.</p>	

25X1

THE COMMUNIST WORLD

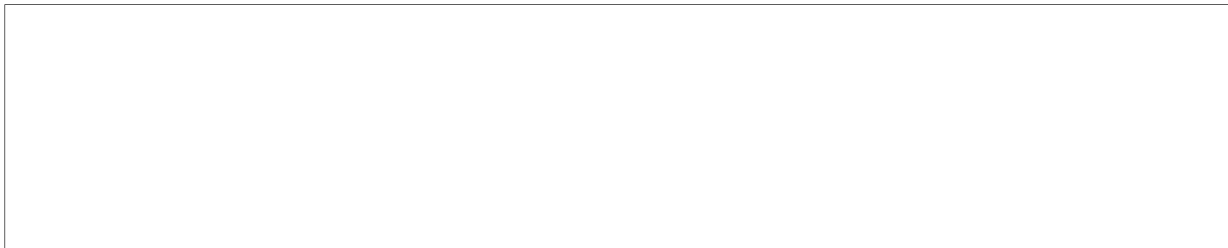
<b>USSR AGAIN TESTING WESTERN MARKETS</b>	5
<p>No major buying binge has occurred or is likely during the next few months, but trade officials are indicating that purchasing plans may be firmed up later this year, perhaps in time for the fall chemical trade fair in Moscow.</p>	

25X1



<b>AGRICULTURAL PROSPECTS IN COMMUNIST COUNTRIES</b>	8
<p>Prospects for the winter grain crop range from relatively poor in China to fair in the USSR and the Balkans and excellent in northern East Europe. Grain imports this year are tentatively projected at 15 million tons.</p>	

25X1



**SECRET**

**SECRET**

	<u>Page</u>
<b>THE CYPRUS DISPUTE</b>	9
There has been a brief new outbreak of fighting on the island, but negotiations are slowly developing between Greece and Turkey despite the suspicion and criticism of the Greek Cypriot leaders.	
<b>INDIA AND PAKISTAN KEEPING POWDER DRY</b>	11
The two governments are holding in place the troops they have deployed on their borders, and British efforts to arrange a cease-fire have again bogged down.	
<b>THE FOURTH AFRO-ASIAN SOLIDARITY CONFERENCE</b>	12
Held in Ghana from 10 to 16 May, the Communist-dominated meeting produced more vitriolic anti-US statements than ever before, but was also the scene of bitter Sino-Soviet wrangling.	
<b>THE ARAB - WEST GERMAN IMBROGLIO</b>	13
Bonn finally established relations with Israel last week, whereupon ten of the thirteen Arab League states broke their formal relations with West Germany. However, the break may not be irrevocable, and none of the Arab states seems likely to recognize East Germany soon.	
<b>ISRAEL AGAIN MOVES TO BLOCK ARAB WATER DIVERSION PROJECT</b>	13
Last week Israel again shelled a Syrian construction site, following its policy of taking actions short of war to stanch Arab plans to divert the Jordan River's headquarters.	
<b>SITUATION IN THE CONGO</b>	15
Returns thus far from the still-incomplete national and provincial election count indicate a clean sweep for Premier Tshombé's party. This has increased the nervousness of his political rival, President Kasavubu. The rebellion in the northeast continues to falter.	

25X1

**SECRET**

**SECRET**

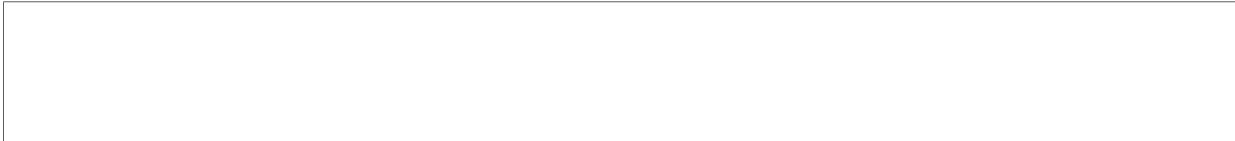
ASIA-AFRICA (continued)

Page

**ETHIOPIA MOVING TOWARD FOREIGN POLICY SHIFT**

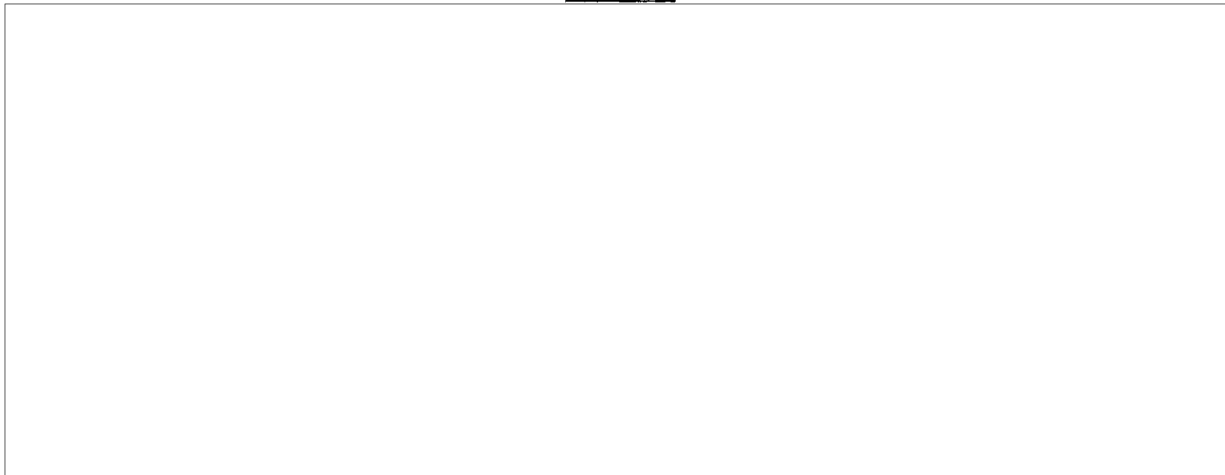
16

The Emperor may soon try to divert pressures for internal reform by giving more content to Ethiopia's professed nonalignment and possibly by recognizing Peiping.



25X1

EUROPE



25X1

**FRANCE AT ODDS WITH OTHER EEC MEMBERS ON FINANCING**

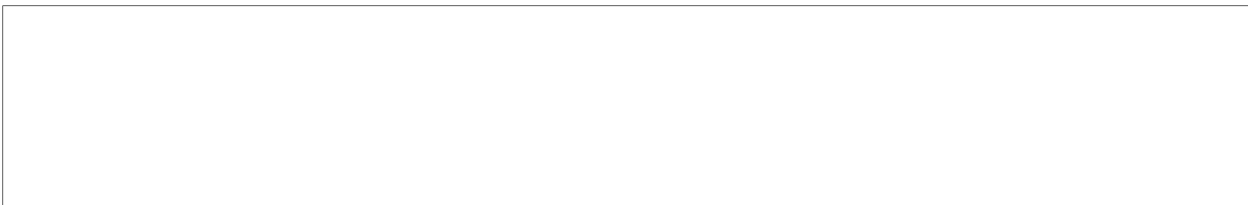
18

The current debate centers on the EEC Commission's effort to tie in future financing of the common agricultural policy--in which France has a heavy stake--with "supranational" reforms in the community structure.

**ITALIAN RELATIONS WITH EASTERN EUROPE**

19

The Italian Government, concerned that US preoccupation with extra-European problems may reduce flexibility in Western policy toward Eastern Europe, is about to initiate a series of high-level official visits to the area to improve relations. Business pressure for increased trade is a major impetus to this policy.



25X1

**SECRET**

**SECRET**

<u>EUROPE (continued)</u>	<u>Page</u>
NATO FOREIGN MINISTERS' CONFERENCE SKIRTS "REAL ISSUES"	20
Even the French admit that this month's meeting of NATO foreign ministers failed to discuss "real issues affecting NATO" but they may further clarify their intentions toward the alliance at the meeting of defense ministers opening in Paris on 31 May.	
 <u>WESTERN HEMISPHERE</u>	
SITUATION IN THE DOMINICAN REPUBLIC	21
The Imbert government has gained the military initiative and substantially reduced the size of the rebel-controlled area of Santo Domingo. Attempts to find a peaceful solution have been thwarted by rebel leader Caamano's refusal to deal with Imbert and by the loyalists' reluctance to consider a compromise in view of their military successes. OAS efforts toward a truce have been somewhat undercut by the arrival of a special UN mission.	
BOLIVIAN JUNTA ENGAGES OPPONENTS	25
As one of its first firm steps to counter its strongest opponents and attack some of Bolivia's basic problems, the junta deported pro-Communist labor leader Juan Lechin, thereby setting off a general strike and violent protest demonstrations.	
ECUADOR'S JUNTA RIDES OUT ANOTHER CRISIS	26
A week-long strike by merchants in Guayaquil was accompanied by numerous plots by opportunist politicians and ambitious military men seeking to take advantage of the turmoil to unseat the military junta.	
CASTRO REGIME MOVES AGAINST DISSIDENTS	27
The regime has arrested at least 100 persons in recent weeks, including three US citizens, on charges of spying for the US.	

**SECRET**

**SECRET**

VIETNAM

25X1

25X1 Soviet surface-to-air missile (SAM) equipment has apparently arrived in Hanoi. Analysis of [ ] photography of the SAM site located 15 miles south-southeast of Hanoi reveals that five of the six launch revetments are covered with protective material and at least four of these appear to contain missile-associated equipment. The sixth revetment is unoccupied. The central guidance area and two of the three missile-hold revetments are also under protective covering. A possible missile transporter was sighted at the third missile-hold revetment, and six other groups of unidentified equipment were noted within the launch area.

Construction is continuing at the second SAM site, 11 miles southwest of Hanoi. At least five of the revetments are in various stages of construction but no missile-associated equipment has yet been noted there.

There are indications the Soviets may be preparing to supply Hanoi with jet light bombers. Jet aircraft revetments capable of housing bombers have been constructed at several North Vietnamese airfields. Reports received last year stated that North Vietnamese personnel had received IL-28 training in the USSR as early as 1962.

Hanoi's fighter inventory continues to grow. Photography

[ ] revealed possibly as many as 61 MIG fighters--57 at Phuc Yen and four at Haiphong/Cat Bi airfields. Construction or improvement programs are under way at seven fields in North Vietnam, several of which would probably be used as recovery or dispersal bases in the event of air attack.

The Soviets evidently have also provided ground equipment. [ ] recently saw about 100 armored cars parked along the road to the Hanoi airport. His description suggests they are Soviet BTR-40 armored personnel carriers equipped with twin antiaircraft machine guns. Before this report North Vietnam was believed already to have about 100 pieces of armored equipment, including some 40 T-34 medium tanks.

25X1

#### Air Strikes

US Navy and Air Force aircraft conducted strikes against the DRV on only three days last week, following the suspension of air strikes from 13 to 17 May. Results were generally good against fixed targets, including a naval base, POL storage area, barracks area, and military radio station. In addition, a leaflet drop was carried out, and a large number of day and night armed reconnaissance missions were flown over roads and rail lines south of the 20th parallel.

**SECRET**



25X1



**SECRET**

Military Action in  
South Vietnam

South Vietnamese forces have intensified their efforts to retain the initiative in the face of anticipated intensification of Viet Cong operations during the rainy season which now is beginning. Army patrols in Phuoc Long Province continue to find evidence--297 bodies so far--that heavy casualties were inflicted on the multibattalion Viet Cong force which attacked the provincial capital of Song Be on 11 May. Friendly losses were also extensive, however.

An operation by three government battalions against two regular Viet Cong battalions in the southern coastal province of Bac Lieu resulted in a major Communist defeat, reportedly with 178 insurgents killed, 53 captured, and 56 weapons seized. Timely and effective air support played a decisive role in both the Phuoc Long and Bac Lieu engagements. Successful government operations were also conducted in four other provinces.

The Viet Cong last week launched only two actions of significance, an ambush and a combined attack/ambush.

Communist Political  
Developments

There has been no authoritative Soviet commentary on President Johnson's 13 May speech, and ranking Soviet officials still seem convinced that there are no immediate prospects for negotiations on Vietnam. Foreign Minister Gromyko, in his

talk with the French foreign minister in Vienna, advanced no new thoughts on the situation. Premier Kosygin, in an address on 15 May, again underlined the USSR's intention to strengthen North Vietnam's defensive capabilities and asked nonaligned countries to support this policy.

Peiping, maintaining a hard line, has branded the President's renewed call for negotiations a "discredited hoax."

The Chinese have again attacked the plan for easing the Vietnam crisis put forward last month by Indian President Radhakrishnan, terming it a "preposterous proposal" to fit the "urgent needs" of the US.

Chinese propagandists continue to play up the possibility of US air attacks on China itself. In denouncing the President's speech, People's Daily argued that, since the US bombing of North Vietnam had failed to bring about negotiations, "Johnson now is attempting to find a solution" by threatening the Chinese people.

Such Chinese efforts to whip up domestic support for regime policies have become noticeably more intense. Besides daily domestic radiobroadcasts--began on 4 May--and rallies in Peiping, militia conferences have been held in major cities and most provinces. At these meetings the need for stepped-up training was tied directly to the Vietnamese war. A campaign has been launched to

**SECRET**

**SECRET**

encourage young people to take up sports activities of potential military value, such as rifle shooting, signal communications, and mountaineering.

Hanoi too responded negatively to the President's speech, and to the five day suspension of air strikes. A Foreign Ministry statement on 18 May called cessation of the air raids a "trick" designed to deceive world public opinion about the "so-called US good will for peace" and to pave the way for "new US acts of war." Only the four-point proposal set forth by Premier Pham Van Dong on 8 April, the statement concluded, could serve as the basis for settlement of the Vietnam question. This proposal had reiterated Hanoi's standard demands that US forces be withdrawn from Vietnam, and the Viet Cong's Liberation Front be allowed to have a "decisive" role in the settlement.

In a 15 May broadcast, Hanoi also flatly rejected Radhakrishnan's proposal for negotiations, claiming that it was aimed only at finding "a way out" for the US in South Vietnam. In a milder statement on 7 May, Hanoi had merely commented that the offer ran counter to India's proper role as chairman of the International Control Commission in Vietnam. Civil defense activity in Hanoi continues to suggest a belief that the air strikes will be extended to targets farther north. Some government agencies have already been moved outside Hanoi, and

the evacuation of dependents of foreign personnel appears to have been largely completed. A program is also under way to establish more permanent air raid shelter facilities.

Political Developments  
In South Vietnam

Premier Quat has now succeeded in carrying out military command changes which, together with the recent dissolution of the Armed Forces Council, are designed to increase civilian control over the armed forces. The potentially powerful High Command headed by General "Little" Minh has been abolished, and Minh has been made chief of a reconstituted Joint General Staff subordinate to the Defense Ministry, which remains under General Thieu. The military, however, seem likely to continue to exert significant political influence.

Quat reportedly still plans a cabinet reshuffle, although the changes may occur on a piecemeal basis. He may be having difficulties in enlisting Catholic cooperation. The majority of Catholics do not seem willing to oppose the government openly, although they consider it Buddhist-influenced. On the Buddhist side, the growing preoccupation of monk Tri Quang with alleged Catholic obstructionism and plotting may foreshadow a new period of Buddhist restiveness.

25X1

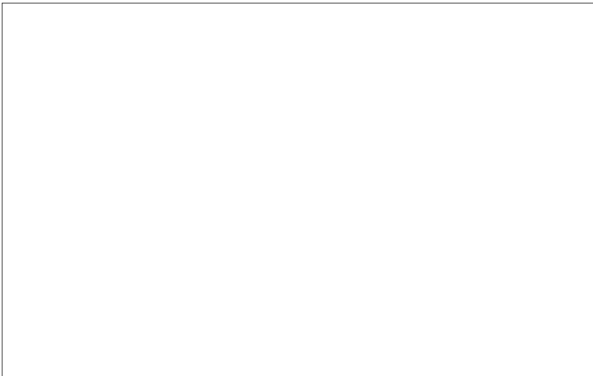
**SECRET**

**SECRET**

The Communist World

USSR AGAIN TESTING WESTERN MARKETS

For the first time since the USSR began its extraordinary grain purchases from the West in the fall of 1963, its trade representatives appear to be showing serious interest in industrial equipment and factories. No major buying binge has occurred or is likely during the next few months, but trade officials are indicating that purchasing plans may be firmed up later this year, perhaps in time for the fall chemical trade fair in Moscow.



25X1

Some recent contracts relate to additional equipment for installations purchased earlier. An American firm, for example, has sold \$3 million worth of equipment for mining projects initiated several years ago. On the other hand, the

French have just made the first sale--a \$10-million plant to produce composition wall coverings--under last October's trade and credit arrangement with the USSR.

Moscow remains reluctant, however, to take on further debt obligations. Relatively large sums of credit offered by the UK and France remain unused, as does the entire \$65 million approved by Rome after considerable haggling last year. Since long-term credits became available a year ago--largely at Soviet insistence--credits worth only \$140 million have been accepted. In some cases, the USSR has pleaded a lack of foreign exchange and said that deals for importation of complete plants cannot be concluded unless the seller takes part of the plant's production or other Soviet export goods as payment rather than requiring cash.

Some foreign exchange will be needed for grain purchases this year, but the total will probably be only about \$150 million--a quarter of last year's outlay.

25X1

**SECRET**

**Page Denied**

Next 1 Page(s) In Document Denied

**SECRET**

AGRICULTURAL PROSPECTS IN COMMUNIST COUNTRIES

As of mid-April, prospects for the winter grain crop ranged from relatively poor in Communist China to fair in the USSR and the Balkans and excellent in the northern part of Eastern Europe. The Communist countries will continue in 1965 to be net importers of grain from the free world, with total grain imports tentatively projected at 15 million tons.

In the Soviet Union crop prospects as of mid-April appeared relatively favorable although not quite as promising as they were at the same time in 1964. Soil moisture conditions were fair to excellent in almost all of the most important agricultural areas. Livestock products should be more plentiful than in recent years because of a much improved feed-livestock ratio. Overfulfillment of procurement plans for meat, milk, and eggs in the first quarter of 1965 is a reflection of abundant feed supplies produced in 1964.

Soil moisture conditions in Eastern Europe were generally adequate and better than a year ago. Winter wheat was adversely affected by late seeding in the

south, but prospects in the north appear excellent.

Poor prospects for winter wheat in Communist China result from a drop of about ten percent in sown area and from continuous wet weather in North China which delayed much of the planting. It is still too early to determine the prospects for the early rice crop. Soil moisture levels appear to be favorable in most parts of Central, East, and Southwest China. In South China, the country's major early rice area, soil moisture conditions appear normal for this time of the year.

The Soviet Union this year has already contracted for 3.2 million tons of wheat from the free world, and the Communist countries of Eastern Europe are expected to import 6 to 7 million tons. China has already contracted for about 4.5 million tons

In 1964  
China bought about 6.6 million tons of grain from the West for domestic use.

25X1

25X1

**SECRET**

**SECRET**

Asia-Africa

**THE CYPRUS DISPUTE**

Cyprus generally has been quiet, but firing erupted briefly between Greek and Turkish Cypriots in the port city of Limassol this week. The incident followed an increase in communal tension apparently caused by Turkish Cypriot insistence--against the advice of UN commanders on Cyprus--on continuing preparations for a parade in Limassol by armed fighters during Turkish holiday festivities on 19 May.

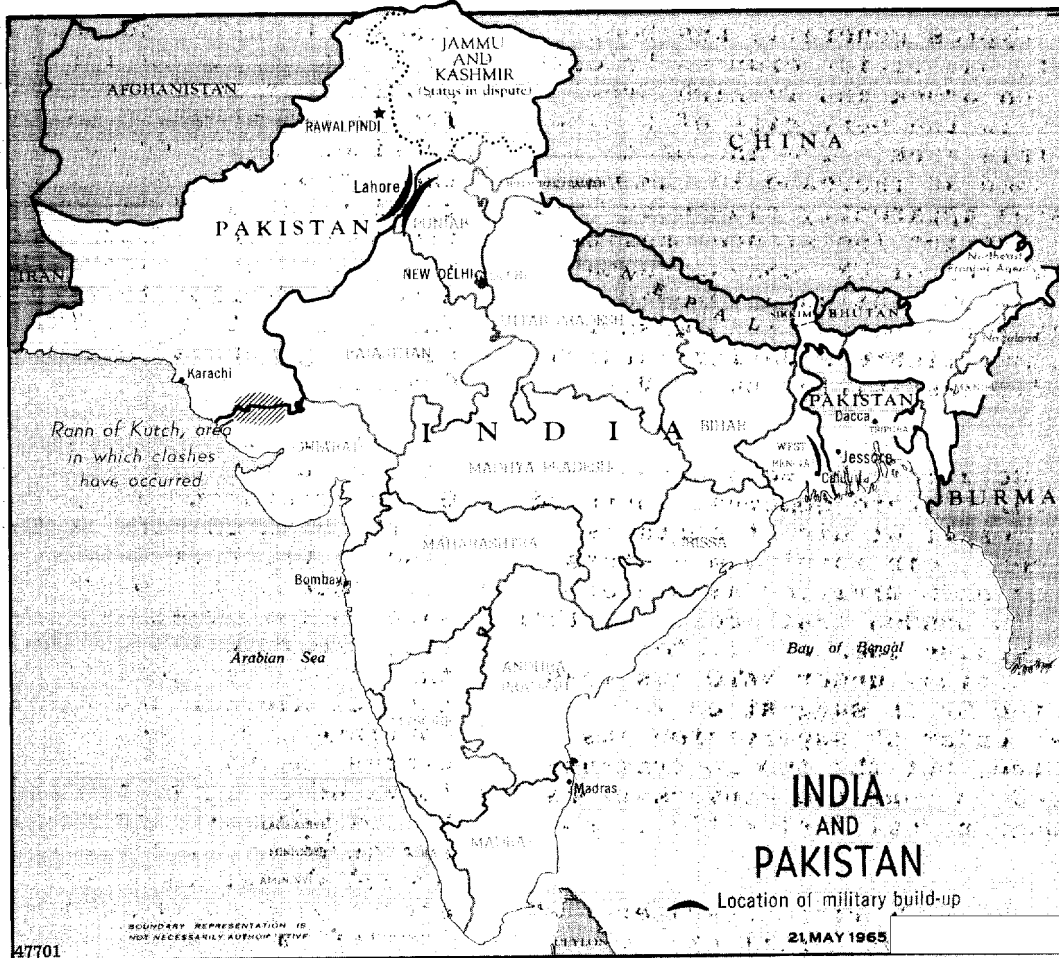
Relations between Greece and Turkey were somewhat improved as a result of direct contacts between their foreign ministers at the NATO Ministerial Conference in London last week. Neither the Turkish idea of bilateral negotiations under NATO auspices nor the Greek suggestion for talks under UN supervision was adopted, but the two governments agreed to continue conversations through normal diplomatic channels.

Greek Cypriot newspapers, which frequently reflect the views of President Makarios, have opposed the bilateral talks and complained that efforts to reach a solution have been side-

tracked by NATO and should be returned to the UN forum. In public statements on his return from a recent visit to Athens, President Makarios conceded that the London discussions had eased tension but said he opposed all pressures for a "spurious" solution, such as giving either Greek or Cypriot territory to Turkey in return for Turkey's accepting Cyprus' union with Greece.

25X1

**SECRET**



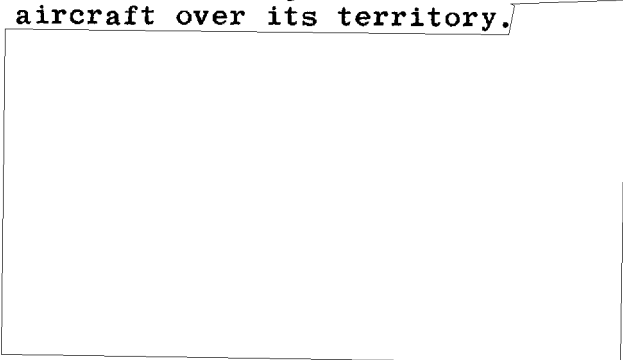
25X1

**SECRET**

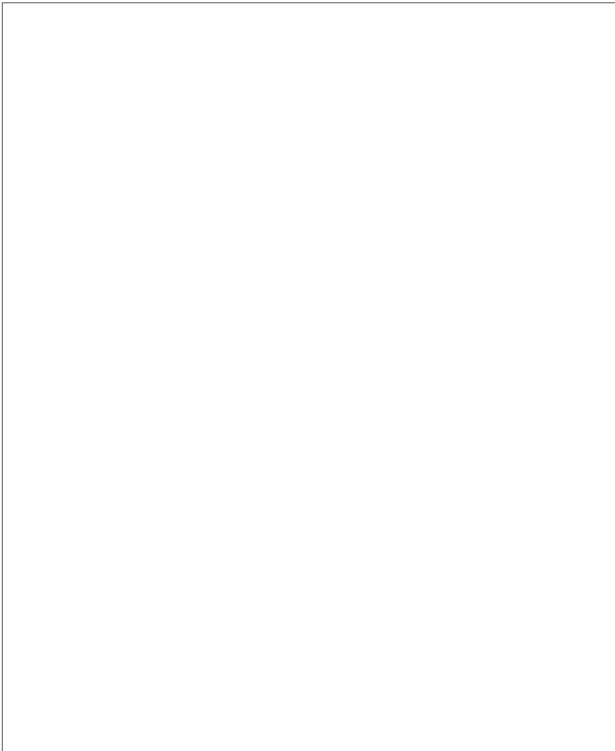
INDIA AND PAKISTAN KEEPING POWDER DRY

India and Pakistan are holding in place the heavy concentrations of forces deployed along their borders. Any incidents could quickly revive the dangerously charged atmosphere of two weeks ago.

There is new concern on both sides about possible air clashes. Each government has accused the other of sending reconnaissance aircraft over its territory.



The possibility of uncontrolled incidents between ground forces, on the other hand, seems to have been slightly reduced. Troops on both sides are beginning to believe that there will be no war and therefore are probably somewhat less trigger-happy.



Only limited progress has been made by the British in their efforts to formulate a cease-fire agreement. With its efforts bogged down amid quibbling by both sides, London has been considering bluntly asking Rawalpindi and New Delhi whether they still want British good offices.



25X1

25X1

25X1

25X1  
25X1

**SECRET**



**SECRET**

THE FOURTH AFRO-ASIAN SOLIDARITY CONFERENCE

The fourth general conference of the Communist-dominated Afro-Asian People's Solidarity Organization (AAPSO), held in Ghana from 10 to 16 May, was marked by bitter Sino-Soviet infighting and the most violent propaganda attacks against the US ever to come from this quarter. Initial indications are that both Moscow and Peiping scored certain successes, but neither gained a clear victory. Hopes of radical third-world elements to inject new life into the AAPSO apparatus appear to have been largely frustrated.

Some 400 delegates from 70 countries and numerous observers from various Communist fronts and Cuba attended the conference, which met at Winneba near Accra. A considerable number of member organizations, particularly the more moderate ones, failed to participate, thereby shrinking further the base of this nongovernmental movement which the Communists inspired nine years ago. The host Ghanaian regime became more deeply involved in AAPSO than it has ever been before, and emerged with a place on the Cairo-based permanent secretariat. Algeria's leadership was less strong than previously; its delegation was downgraded at the last minute, possibly to avoid angering moderate African governments due to attend Bandung II in Algiers in June.

The over-all thrust of the meeting, revealed particularly in a "Winneba Declaration" and in the conference's general political resolution, was more intemperate and more specifically anti-US than ever. The US was repeatedly belabored as the chief source of "imperialist aggression" and "in-

tervention." The conference affirmed the "legitimacy" of "revolutionary violence" to counter "imperialist violence" and endorsed individually a lengthy list of "armed peoples struggles" in Africa, Asia, and Latin America.

Although no serious outbreak of Sino-Soviet polemics occurred in public, the Chinese and Soviet camps battled endlessly over a wide range of issues in the closed committee sessions. "Third World" leadership on this occasion proved too feeble to forestall a tendency for delegations to divide on pro-Chinese or pro-Soviet lines. The intensity of the disputes, especially on pending memberships and other organizational questions, prevented decisions on many of the questions before the conference, and these now have been bucked to the secretariat or to the executive committee, which is to meet in Guinea next November. The aggressive tactics pursued by the Chinese in these wrangles appear to have irritated at least some third-world delegates and probably did little to advance Peiping's efforts to exclude Moscow from Afro-Asian gatherings.

The issue of Latin American participation in AAPSO was again finessed. Although the long-projected "three continents conference" was announced for Havana next January, it apparently is to be a separate operation. After a confused hassle, Peiping was finally declared to have been chosen as the site of the next AAPSO plenary, two years hence. Moscow, backed up by Egypt and India, can be expected to continue to maneuver for a change of venue.

25X1

**SECRET**

**SECRET**

THE ARAB - WEST GERMAN IMBROGLIO

The establishment of West German - Israeli diplomatic relations on 13 May prompted ten of the thirteen Arab League states to break formal ties with Bonn, but Arab recognition of East Germany is not, for the moment, in prospect. West German officials see in Arab willingness to continue economic, cultural, and consular relations a hopeful sign that Germany's traditionally strong position in the Middle East will not be impaired for long, and that formal relations will be resumed in a few months.

At the 14 March meeting of their foreign ministers, most of the Arab states had committed themselves to severing relations with Bonn if it recognized Israel. Iraq, anxious to be in the forefront, broke on 12 May, and within a few days Syria, Jordan, Saudi Arabia, the UAR, Lebanon, Yemen, Algeria, and the Sudan followed suit. Kuwait canceled its agreement to exchange ambassadors with Bonn.

Morocco, Tunisia, and Libya refused to go along. The oil-field sabotage in Libya last week

may be an Egyptian warning to King Idris to get in line. Egyptian pressure has been exerted against Tunisia for some time, but President Bourguiba has continued to call for moderation and rationality, and asked what good the break would do the Palestinian refugees. 25X1

Neither Bonn nor Tel Aviv has yet appointed an ambassador, and it may be several weeks before either does so. 25X1

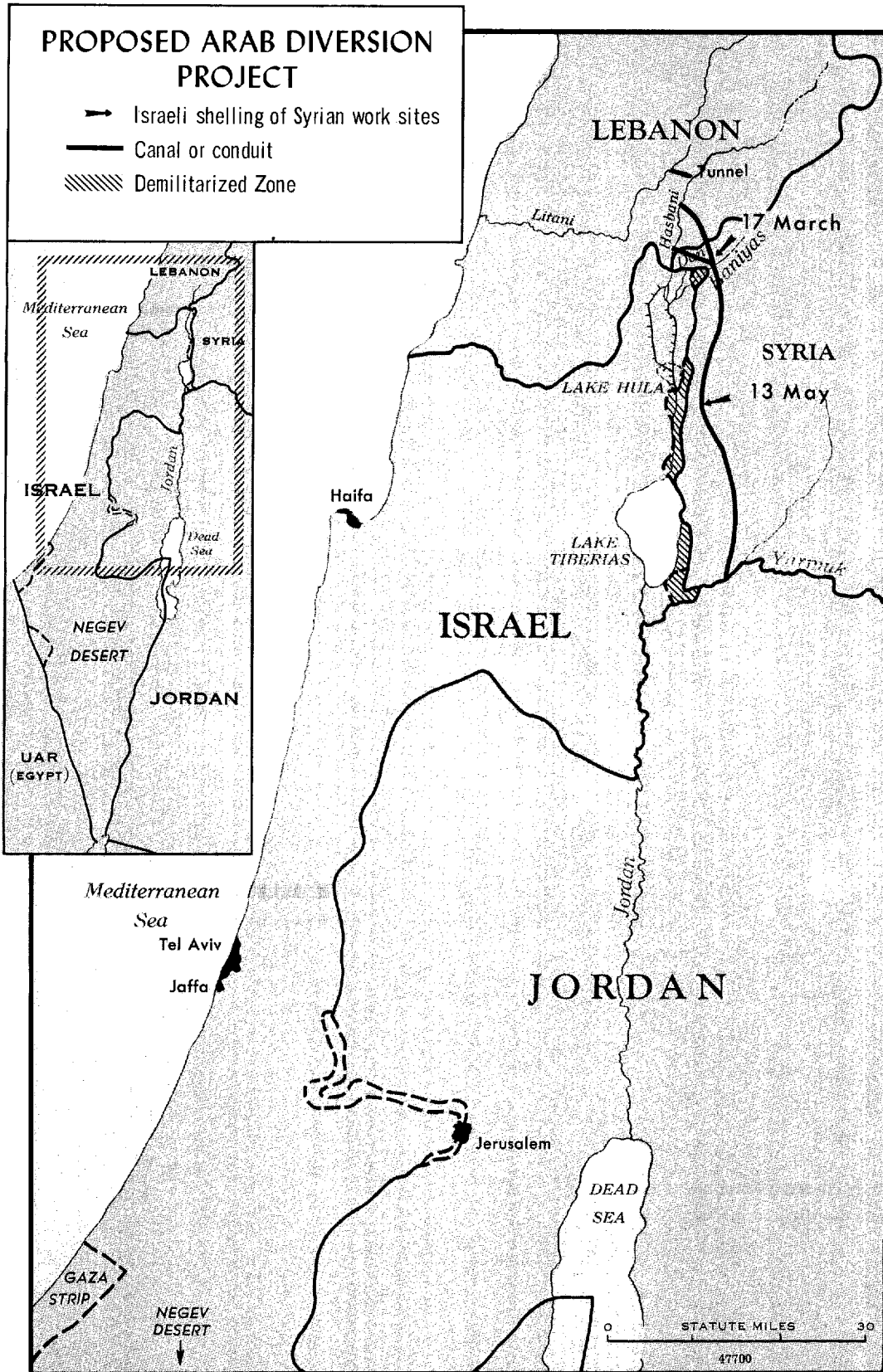
Chancellor Erhard has denied publicly that Bonn granted Israel a security guarantee. 25X1

ISRAEL AGAIN MOVES TO BLOCK ARAB WATER DIVERSION PROJECT

On 13 May Israeli artillery shelled a Syrian construction site in the second such attempt to intimidate Syria from proceeding with the Arab project to divert the Jordan River's headwaters. As on the previous occasion in mid-March, the Israelis first provoked a border incident which gave them a pretext for firing on the diversion work.

The place attacked in March was close to the border and visible from Israel, and Syria subsequently shifted its construction activity away from the border and out of sight. The physical damage to the project in each case was slight because work is still in a very early stage. A Syrian was killed on 17 March, however, and

**SECRET**



**SECRET**

another was wounded in the latest attack.

Israel evidently has chosen not to wait to see how much water the Arabs divert before taking action. At the same time, the Israelis apparently do not believe they will have to go to war, at least within the near future, to protect their water interests. In commenting on the most recent incident, the chief of operations of the Israeli Army indicated that Israel's choice was not "between resignation and war" but rather lay within a wide range of military and political actions which were "not in the nature of war."

25X1

25X1  
25X1

#### SITUATION IN THE CONGO

The dispute between Premier Tshombé and President Kasavubu seems to have been papered over for the time being, but their basic rivalry remains. Tshombé, whose political strength grows as the returns trickle in from the six-week-long national and provincial assembly elections, is apparently waiting for Kasavubu to make the next move. Kasavubu, meanwhile, is becoming more nervous. Each man's advisers, as well as some unemployed politicians, continue to feed their feud, and are apparently trying to force a showdown between them.

Election returns indicate a sweep for Conaco, Tshombé's national political coalition. With its political allies, Conaco now claims

65 of the 120 assembly seats reported thus far. A total of 166 seats are at stake. Although Kasavubu's Abako party is the only one to win a majority of a delegation from any one province, it is seriously split. Conaco's grouping has won control of 8 of the 13 provincial assemblies for which results are available. Eight provinces are still to be heard from.

The rebellion meanwhile continues to falter, and government clean-up operations in the northeast are going fairly well.

25X1

**SECRET**

**SECRET**

ETHIOPIA MOVING TOWARD FOREIGN POLICY SHIFT

Pressures for reform in Ethiopia have become more intense recently, and the Emperor may soon attempt to alleviate them by diverting attention to foreign policy. One result may be recognition of Communist China. At the least, the Ethiopian Government will probably try to create a more nonaligned image before the Afro-Asian Conference scheduled to open in Algiers on 29 June.

Pro-Western officials, including the prime minister, have recently told the US Embassy that pressure is growing for a major shift in Ethiopian policy. The government's more radical elements argue that other African countries such as Guinea, Egypt, and Somalia have benefited materially from closer relations with Communist countries, without losing Western aid. These elements are said to believe that the US could not and would not react to a shift toward nonalignment. According to the embassy, the Emperor may feel that such a move might appease members of the young elite in government and university circles, who have been urging more rapid modernization of the country. The Emperor might also attempt to divert the irritations of the elite from himself by asserting that it is US aid which has failed rather than his regime.

the Council of Ministers now has agreed to recognize Communist China. The Chinese have offered aid if recognition comes prior to the Afro-Asian Conference.

The Emperor agreed over a year ago to "normalize" relations with Communist China and has several times given [redacted] the impression that recognition would be accorded when it would best serve Ethiopia's interests.

Meanwhile, according to the Ethiopians, the Soviets are pushing for acceptance of a Soviet military assistance program. Any military offer would have special appeal at present in view of [redacted]

[redacted] a current squeeze on the Ethiopian Armed Forces budget. Soviet deliveries to Ethiopia's neighbor, Somalia, is also a major factor. The Emperor and other Ethiopian officials insist that in a few months the Somalis have received more armor than Ethiopia has received in a decade. Fears of Somalia's intentions and military prowess, although often based on inadequate or incorrect information, nonetheless color Ethiopian thinking.

The Emperor is intensely proud of the prestige his elder-statesman-type leadership among African states has brought to Ethiopia, and he may believe that a more nonaligned posture for Ethiopia would increase this influence. He has already indicated that the US Army's Kagnew communications center-- considered a "US military base" by most Africans--is an increasing political liability to him.

**SECRET**

**Page Denied**

**SECRET**

Europe

FRANCE AT ODDS WITH OTHER EEC MEMBERS ON FINANCING

Debate in the EEC Council of Ministers on the commission's financing proposals has sharpened the lines of conflict between France and the other five on the future development of the community.

France termed "unnecessary and premature" the proposals for an independent community source of revenue from customs receipts and rejected any gain in budgetary powers for the European Parliament. It strongly objected as well to an EEC right of veto over community subsidies for any agricultural exports not in keeping with community policy. The commission's proposals were generally supported by the other five--even though important differences, some of them tactical, remain among them--and Italy and the Netherlands wish to go even further in strengthening the parliament.

The discussions thus appear to have been an initial but by no means conclusive success for the commission's effort to tie in the future financing of the common agricultural policy (CAP)--which must be agreed upon by July, according to a council-imposed deadline--with "supranational" reforms in the community structure.

The commission was also overwhelmingly supported last week in a European Parliament debate

on the financial regulations by all the delegates except representatives of the French Union for the New Republic. The US Embassy in Paris has noted that even in France considerable support exists for the commission's proposals, although it questions whether De Gaulle will be swayed by such opinion.

Paris evidently intends to try to avoid an outright test of its community attitudes and attempt instead to get an interim financial arrangement safeguarding its basic economic interest in the CAP. The others might agree to such a provisional arrangement, but the Netherlands is still insisting on "political" concessions for accepting heavy financial costs and Germany may also prove to be tough on this issue. Should any of the members continue to back the commission and the French refuse to make concessions, community financing would in effect be blocked.

Commissioner Mansholt has taken the position that the financing of agricultural support would then revert to the national governments--a particularly heavy burden for France. He has hinted as well that the community's position on a world-wide grains agreement--which again the French favor--would be untenable without EEC decisions on internal agricultural and financing policies.

**SECRET**

25X1

25X1

**SECRET**

ITALIAN RELATIONS WITH EASTERN EUROPE

Improving relations with Eastern Europe is becoming a main Italian foreign policy objective. Rome feels that recent international events have dangerously slowed the process of East-West detente. It is particularly concerned that US preoccupation with extra-European problems may reduce flexibility in Western policy toward the East European states. A series of high-level contacts is in prospect, with President Saragat and Foreign Minister Fanfani scheduled to visit Poland, and Fanfani, probably accompanied by Premier Moro, to go to Yugoslavia.

Recently, in his first major foreign policy speech, Fanfani cited as signs of improving relations last month's signing of technical cooperation agreements with Czechoslovakia and Rumania along with a cultural agreement with Poland, and he pointed to Italian-Yugoslav cooperation as a model of peaceful coexistence. He argued that an increase in trade, including orders for complete industrial plants, might be stimulated if Italy could offer East Europeans easier credit.

The major impetus for greater trade with Eastern Europe comes of course from businessmen, and the number of exchange visits between Italian and East European

commercial delegations has markedly increased. Trade with Eastern Europe, however, is only a little over three percent of Italy's total world trade. Exports to most East European countries were up slightly in 1964, but imports generally declined as the Italians sought to bring trade with the area more nearly into balance. Rome has held the line on long-term credits except for an \$8-million guaranteed ten-year credit made available to Czechoslovakia in 1964.

Italy has long-term trade agreements with all the Eastern European countries, including Albania. Among these countries, Rumania, Poland, Hungary, and Czechoslovakia in that order, are its most important trading partners. Yugoslavia's importance is likely to increase. Italy also signed a cultural agreement with Albania in March under which Tirana is seeking some Italian technical assistance.

A significant recent development is the increasing interest of Yugoslavia, Poland, and Rumania in establishing production and marketing arrangements with Italy which would facilitate sales of their products in third countries, including those belonging to the Common Market.

25X1

**SECRET**



**SECRET**

25X1

25X1

**NATO FOREIGN MINISTERS' CONFERENCE SKIRTS "REAL ISSUES"**

The NATO foreign ministers who have returned from their conference in London are generally relieved that an acrimonious French-US exchange was avoided, but more concerned than ever at the deep divergencies the meeting did nothing to resolve. According to a senior official of the French Foreign Ministry, the French delegation was "well pleased in the circumstances" with its relations with the US delegation in London, but Paris is fully aware that "none of the real issues affecting NATO" had even been discussed there.

Several such issues--particularly the differences over nuclear strategy which have prevented any real progress in the NATO Force Planning Exercise (NFPE) for two years--are scheduled for further airing at a meeting of NATO's defense ministers in Paris from 31 May to 2 June. It is questionable, however, that the ministers will be able to agree even to continue the NFPE effort in order to come up with acceptable force goals for 1965-1970. France still insists that existing strategic guidance--which

**SECRET**

**SECRET**

provides for immediate massive nuclear retaliation against any enemy attack--must not be changed. Moreover, the French defense minister may simply say that the problem of force goals is not relevant since De Gaulle considers NATO "no longer responsive to its defense mission."

The Paris meeting may therefore serve to clarify France's ultimate intentions toward the alliance. [redacted]

[redacted] the French are studying various aspects of their NATO relations and the effects on France if it pulls out of NATO [redacted]

25X1

25X1

25X1

Western Hemisphere

SITUATION IN THE DOMINICAN REPUBLIC

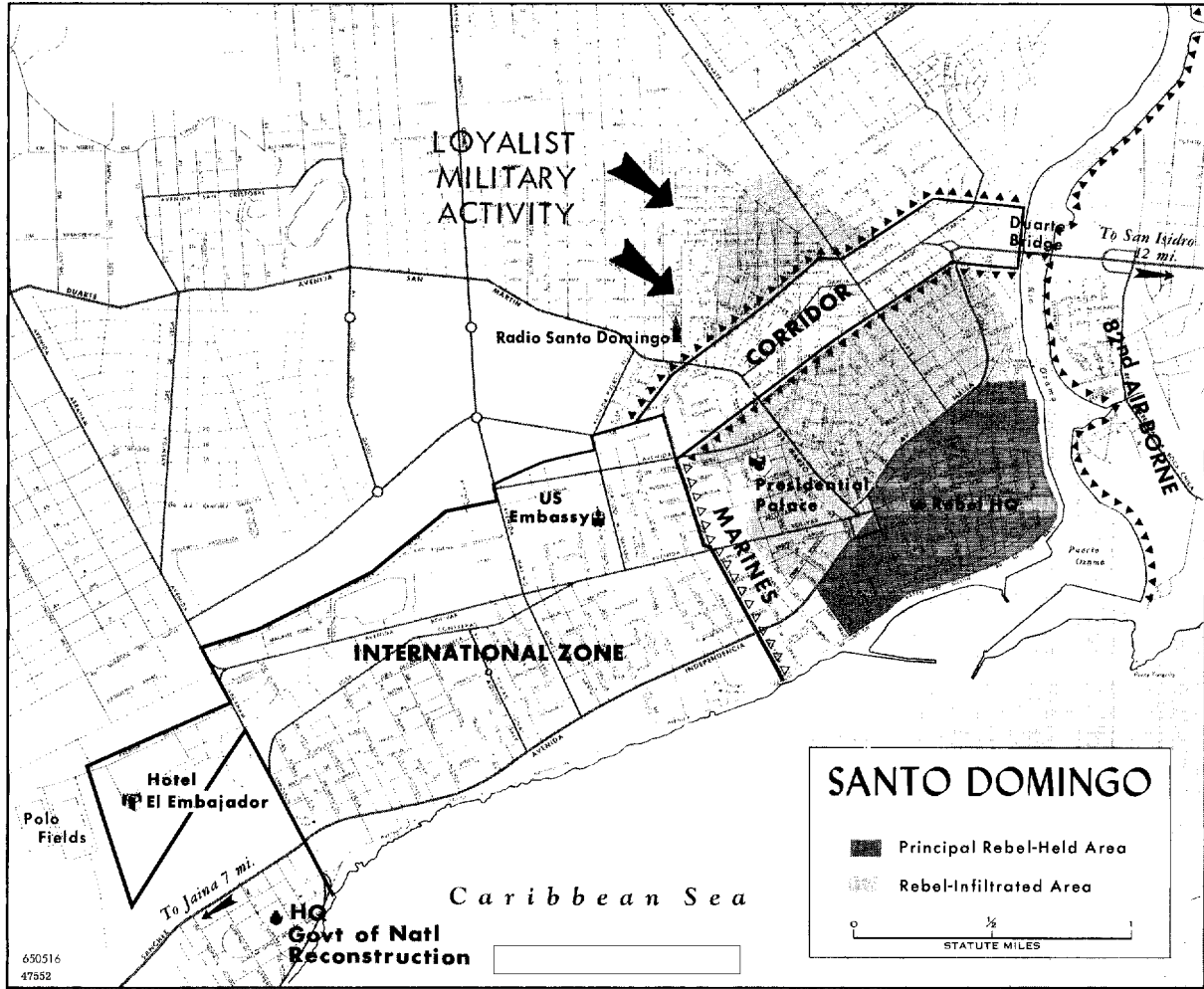
The Imbert government in the Dominican Republic has gained the military initiative and substantially reduced the size of the rebel-controlled area of Santo Domingo. US military forces, augmented by the recent arrival of some 400 Latin American troops, continue to guard the neutralized areas of the city and are targets of sporadic sniper fire. Attempts to find a political solution to the 27-day-old crisis have thus far been thwarted by rebel leader Caamano's refusal to deal directly with Imbert and most recently by the loyalists' reluctance to consider a compromise formula in view of their recent military successes. Efforts by the Organization of American States to achieve a peaceful solution have also been somewhat undercut by the arrival of a special UN mission.

Forces loyal to Imbert's Government of National Recon-

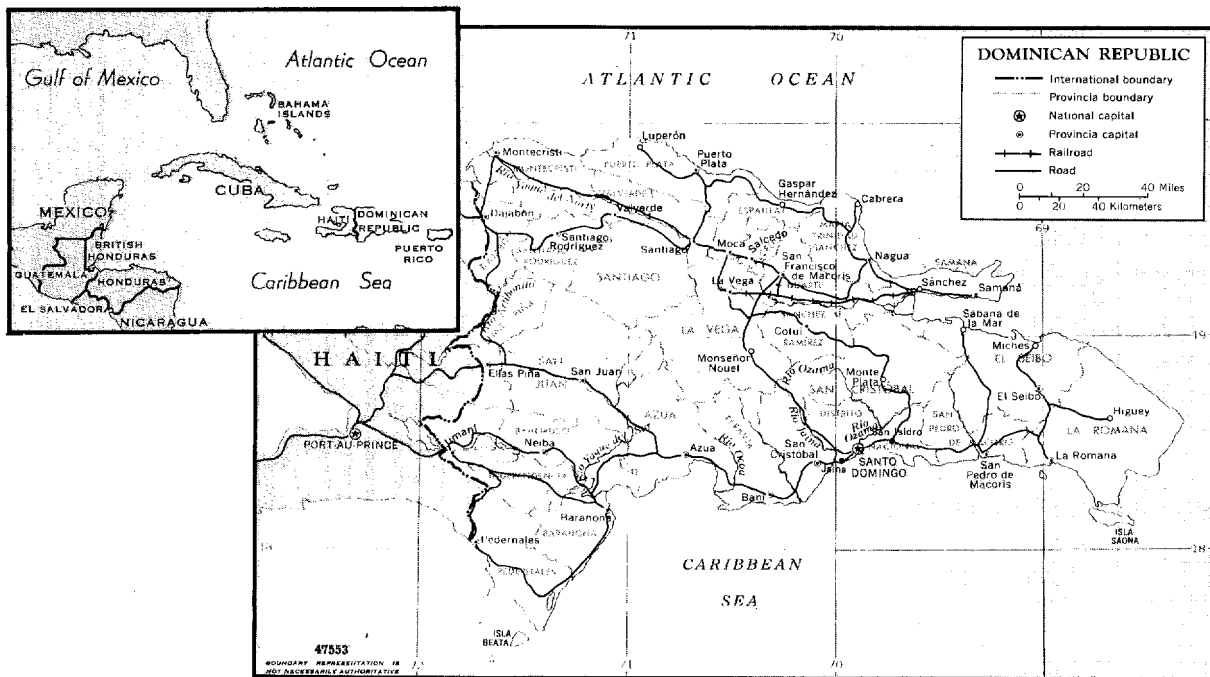
struction took the military initiative on 13 May in Santo Domingo's northern industrial sector, which is separated from the main rebel-controlled area by the US-held corridor. Loyalist army and air force troops, supported by tanks and artillery forces from General Wessin's armored units, drove eastward until they gained control of the city's factory area and the main broadcasting facilities of Radio Santo Domingo, which had been an important weapon in the rebels' hands until loyalist forces blasted it off the air earlier in the week.

The loyalists' military successes have made pro-Imbert leaders increasingly outspoken in their opposition to a compromise political solution and increasingly truculent concerning US political pressures. A 19 May broadcast on the Dominican Armed Forces Radio San Isidro

**SECRET**



25X1



**SECRET**

openly chastised those outside "advisers who feel they have the authority to guide our internal affairs."

There has been a corresponding deterioration in the morale of the rebel forces. While some elements remain in the city's northern sector, the rebels now for the most part are confined to the same downtown Santo Domingo area from which they began their operations late last month. While there are indications some of them would like to abandon the fight and seek a compromise political solution, a hard-core group--which probably includes most of the rebel leaders--is defiantly holding out for a settlement clearly favoring the rebel cause.

Rebel gloom may well have deepened with the killing on 19 May of a key leader, Lt. Col. Rafael Fernandez Dominguez, who was leading a probing attack on the loyalist-held presidential palace. He was the Caamano "regime's" minister of the interior. One or more leaders of the pro-Castro 14th of June Political Group--one of the three Dominican Communist parties--was also killed during the attack. Caamano lost no time in charging publicly that Fernandez Dominguez and the others had been "assassinated from behind" by US troops. The rebels probably hope such charges will inflame public opinion against the US and stiffen rebel resistance.

Reports from various points in the Dominican interior continue to describe local conditions as calm but uneasy. For the most part, the populace remains confused and disoriented about the rival "governments" in the capital and is awaiting a clear sign of which will emerge as the victor before offering allegiance. Food supplies remain critically short in some areas despite US emergency relief measures, and unemployment is a worsening problem in a few localities. Police and army garrisons throughout the countryside are in complete control of their areas of jurisdiction, although roadblocks and checkpoints to prevent arms smuggling are in evidence.

From his safe haven in Puerto Rico, ex-president Juan Bosch--whom rebel leaders continue to regard as the "spiritual father" of the revolt--still purports to be their chief spokesman. Throughout the crisis his role has been somewhat ambivalent, and his statements have ranged from the relatively mild to the caustic. True to form, Bosch has displayed a high degree of naiveté about the nature and direction of the rebel movement; this appears at least partially due to his reliance for information on the rebel leaders in Santo Domingo, with whom he is in frequent telephone contact.

Despite the rebels' persistent claims that "six or more" countries are about to extend

**SECRET**

**SECRET**

diplomatic recognition, no foreign government has yet done so. The rebels continue to appeal for such action, however.

UN action to stop the fighting in the Dominican Republic has involved both efforts at Security Council sessions in New York and Secretary General Thant's dispatch of a special mission, headed by Jose Mayobre, chief of the UN Economic Commission for Latin America. Mayobre, a personal friend of Bosch, has impressed US Embassy officials as predisposed to favor the rebels, and his early reports to Thant appear to bear this out.

Meanwhile, members of the Organization of American States are increasingly dismayed by the organization's inability to stop the fighting between the contending Dominican forces. The five-nation special OAS

peace commission returned from Santo Domingo to Washington on 17 May after viewing with deep resentment the UN intervention in the situation. In a 19 May meeting, the commission recommended that a special OAS representative be empowered to go to Santo Domingo and attempt to mediate between the rival governments. Although no one has yet been designated, former president Jose Figueres of Costa Rica is rumored to be a likely selection.

Progress in forming the Inter-American Armed Force in accordance with an earlier decision of the OAS is continuing, with some 400 troops from Costa Rica, Honduras, and Nicaragua already on hand in Santo Domingo. Units from Brazil and possibly other countries are expected shortly. Details on how the force is to be used have not yet been fully decided, however.

25X1

\* \* \*

**SECRET**

**SECRET**

**BOLIVIAN JUNTA ENGAGES OPPONENTS**

Bolivia's junta president Barrientos has taken his first firm steps to counter his strongest opponents and to attack some of the country's basic problems. In doing so, however, he has incurred the most serious crisis of his six-month rule.

Faced with an imminent series of politically inspired strikes, the junta seized the initiative by arresting and deporting pro-Communist labor leader Juan Lechin on 15 May. At the same time, government security forces were put on alert in anticipation of labor disturbances. Lechin's labor organizations, the Bolivian Workers Central and the Mine Workers Federation, responded promptly to the government action by calling for a general strike and protest demonstrations.

Violent demonstrations took place in La Paz on 17 May but were broken up by police and armed forces units. This was the first time that army troops have been used against civilians since the junta took power last November. As of the morning of 20 May, no other serious demonstrations had occurred, mainly because of government concessions to labor and student leaders and preventive armed patrols by police and military.

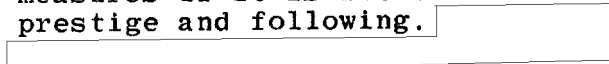
Although the junta has dealt firmly with the agitators thus far, there is growing evidence of dissension and lack of coordination in the government. Barrientos has indicated that various concessions on his part have been necessary to keep the support of armed forces commander General Ovando, army commander La Fuente, and Minister of Defense Suarez.



25X1

Most political and student leaders, who up to now have remained passive in the crisis, are likely to move into active opposition should any sign of government weakness become apparent.

A general strike of miners, printers, and factory, bank, and construction workers remains in effect. Leftist-extremist-led labor resistance to the government probably has been intensified by the junta crackdown. Recent government decrees have ordered a nationwide state of siege and mobilization of army troops and civilians, and have declared all labor union posts vacant. The far left must react strongly to these measures if it is not to lose prestige and following.



25X1

**SECRET**

**SECRET**

### ECUADOR'S JUNTA RIDES OUT ANOTHER CRISIS

The military junta in Ecuador appears to have weathered another challenge to its authority, this time a merchants' strike in Guayaquil which lasted throughout the week of 10 May in protest against a new tariff schedule on imports.

During a week rife with rumors of plots by opportunist politicians and even by ambitious military men to exploit this situation, the junta demonstrated determination to remain in power. Martial law was imposed in Guayaquil and freedom of expression was suspended. A plot involving a few air force officers was broken, the arms cache of the terrorist Detachments of Secret Organization was seized, and dissident political elements, including former president Arosemena, were neutralized. The armed forces appear to have drawn together behind the junta, putting aside at least for the moment discussions of bringing about a change in the government. To cope with the Guayaquil crisis, the government even withdrew troops from the sensitive Peruvian border area.

The strike settlement provided for creation of a special commission chaired by the minister of finance which will hear the views of the merchants and consider revision of the new

tariff law. Meanwhile, goods in the customs houses may be removed at the old rates, although the new rates finally agreed upon will apply retroactively. After putting on an impressive show of force, the government made its concessions from strength rather than from weakness, and the Guayaquil interests were denied the type of victory they gained last October when they protested earlier tax reforms.

Ecuador's economic situation, especially in the coastal area, has deteriorated badly this year, largely because of a decline in exports of bananas--its chief crop. The new tariff schedules reflect an IMF recommendation, and are aimed at discouraging luxury imports, thereby helping close a serious foreign exchange gap resulting from the fall in banana exports while imports remained at a high level.

Although the junta has survived possibly the greatest danger to its position in two years, the factors which have threatened stability are still present. Most political factions have joined a new "front" to work against the government and on behalf of an early transition to civilian rule. Their success, as always in Ecuador, will depend upon the junta's ability to preserve relative unity within the armed forces.

25X1

**SECRET**

**SECRET**

**CASTRO REGIME MOVES AGAINST DISSIDENTS**

The Castro regime has made scores of arrests in the past few weeks, charging the victims with spying for the US. These arrests and the resulting trials, which may bring sentences of up to 30 years, serve as a stiff warning to others in Cuba who are not in harmony with the regime. They also supply convenient subject matter for continuing strong propaganda attacks against the US.

The Cuban Department of State Security arrested 53 Baptist ministers and lay officials in western Cuba on 8 April. A 63-year-old US missionary and his son-in-law, also a US citizen, were arrested as leaders of the alleged spy ring. The Southern Baptist denomination is one of the largest and probably the most cohesive of Protestant groups in Cuba. Its 10,000-member congregation apparently is solidly opposed to the Castro government and staunchly resists the regime's encroachments and conformist pressures. Other Protestant denominations, which usually are more zealously opposed to the regime than the Catholic Church, may also soon become targets of Castro's security forces. The government in the past has on occasion

sharply curbed the activities of certain evangelical sects.

In late April, the regime arrested eight people in Camaguey Province. This group allegedly was supplying the US with information on troop movements as well as economic information. Seven others were arrested in Havana on 2 May for spying, according to a regime announcement. Havana radio announced on 12 May that 31 additional counterrevolutionaries in Camaguey Province had been arrested on charges of belonging to yet another espionage net. This group is said to have sent secret military and economic information to the US via the US Naval Base at Guantanamo Bay.

In addition to the two US Baptist missionaries, another US citizen who has run a farm in Cuba for several years was arrested on charges of espionage in early May. All three probably will receive lengthy prison sentences. The death penalty has also been exacted in one recent case, that of a Cuban customs official executed for "collaborating with the enemy."

25X1

**SECRET**



**Page Denied**

Approved For Release 2008/05/21 : CIA-RDP79-00927A004900030001-7

***SECRET***

Approved For Release 2008/05/21 : CIA-RDP79-00927A004900030001-7