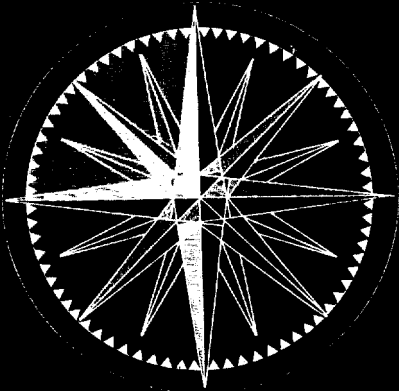


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# WEEKLY SUMMARY

## CENTRAL INTELLIGENCE AGENCY OFFICE OF CURRENT INTELLIGENCE

NAVY review(s) completed.

State Dept. review  
completed

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(Information as of noon EDT, 26 August 1965)

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<p>US Marines and South Vietnamese forces met only scattered resistance in mopping-up operations near Chu Lai where US Marines scored a decisive victory over Viet Cong forces last week. Elsewhere the VC launched a new series of small-scale attacks near Saigon. Weekly statistics reveal the VC casualties are still running high and the weapons loss ratio is highly favorable to the government. Premier Ky is discounting neutralist coup rumors and concentrating on his plan for an alliance of non-Communist Asian nations. Six more SAM sites have been detected in North Vietnam, bringing the total to 16, not all of them capable of firing a missile.</p>	
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**RESULTS OF THE RECENT RUMANIAN GRAND NATIONAL ASSEMBLY SESSION 13**

The session demonstrated the political strength of the new party secretary, Nicolae Ceausescu, but the personnel changes do not appear to signal any fundamental change in Rumania's policy toward the West.

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- NEW GREEK PREMIER AWAITS CONFIDENCE VOTE 18  
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- STUDENT OPPOSITION TO THE BRAZILIAN GOVERNMENT 27  
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- URUGUAYAN REFORM PROSPECTS SEEM DIM 27  
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United Nations

- REACTIONS TO US POSITION ON ARTICLE 19 28  
UN members are generally pleased with the new US position and many are suggesting ways to erase the UN's \$107-million debt. The USSR is still seeking assurances that the article will not be raised again.

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VIETNAM

The Military Situation  
In South Vietnam

The most significant engagement to date between Viet Cong and US ground forces took place several miles south of Chu Lai Air Base in Quang Ngai Province during 18-20 August, resulting in a decisive US Marine victory over the First Viet Cong Regiment. Marine forces, with naval, air, and amphibious support, inflicted confirmed Communist losses of 621 killed and 52 captured; American casualties totaled 51 killed and 203 wounded.

After the main battle, mopping-up operations conducted over several days by US and Vietnamese forces met only scattered resistance. Saturation bombing of the suspected location of another enemy regiment 50 miles south of Da Nang by US B-52 jet bombers from Guam on 23 August further highlighted military actions in the First Corps Tactical Zone.

The situation in the central highlands, however, remains serious. On 19 August, an estimated two Viet Cong battalions in Kontum Province overran the district town of Dak Sut and a nearby Special Forces camp. On 25 August, a brief mortar attack was made on Dak To, now the only district town in the province still under government control.

On the government side, the multibattalion relief force which arrived at the Special Forces camp at Duc Co in western Pleiku Province on 11 August was unable to re-establish significant contact with Viet Cong forces, and withdrew a week later. A subsequent road-clearing operation conducted by part of the relief force north along Route 14 from Pleiku city met little or no opposition. A government convoy was able to reach Kontum city for the first time in five weeks.

Viet Cong activity elsewhere during the past week included a new series of small-scale attacks near Saigon. Overall statistics for the week ending on 21 August indicated a continued high level of Viet Cong casualties, a significant decline in the number of incidents initiated by the Viet Cong, and a weapons loss ratio highly favorable to the government.

The Political Situation  
In South Vietnam

The government's recent manpower mobilization decree appears to have been the immediate cause for a series of student protest meetings in several cities during the past week.

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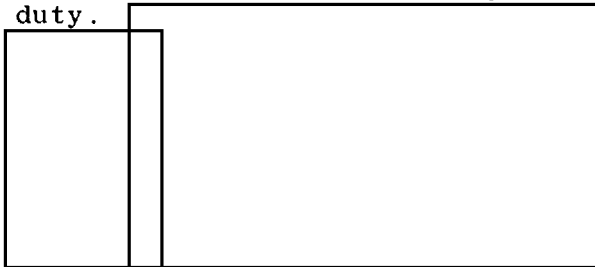


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Student rallies in Hué during 20-23 August culminated in a demand for the replacement of the current military regime with a legally elected government, while a subsequent student meeting in Saigon specifically called for the abolition of the mobilization decree.

A modification of the draft law has been announced which exempts certain occupational categories from regular military duty.

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On his return to Saigon from a brief trip to Thailand, Premier Ky paid little attention to neutralist coup rumors which had developed in his absence and concentrated instead upon aspects of an alliance of non-Communist Asian nations. He emphasized that such an alliance should be primarily economic, since the commitment of American military power in Southeast Asia would deny the Communists a military victory. Ky also announced that South Vietnamese delegations would be sent to South Korea and Malaysia in the near future, presumably to further his plan for a non-Communist alliance.

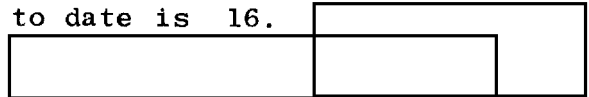
The recent publicity given the US Marine victory near Chu

Lai has evidently led to some sensitivity among members of the Vietnamese Joint General Staff, although the protests of I Corps commander General Thi concerning the independence of American military operations were met with indifference by staff members earlier this month. General Westmoreland has stated that, in the future, attempts will be made to include Vietnamese forces in the initial stages of large-scale operations so that they may share in the credit.

Military Developments  
In North Vietnam

The proliferation of Hanoi's surface-to-air missile defenses continued during the past week, and sites were discovered. The total number of sites detected to date is 16.

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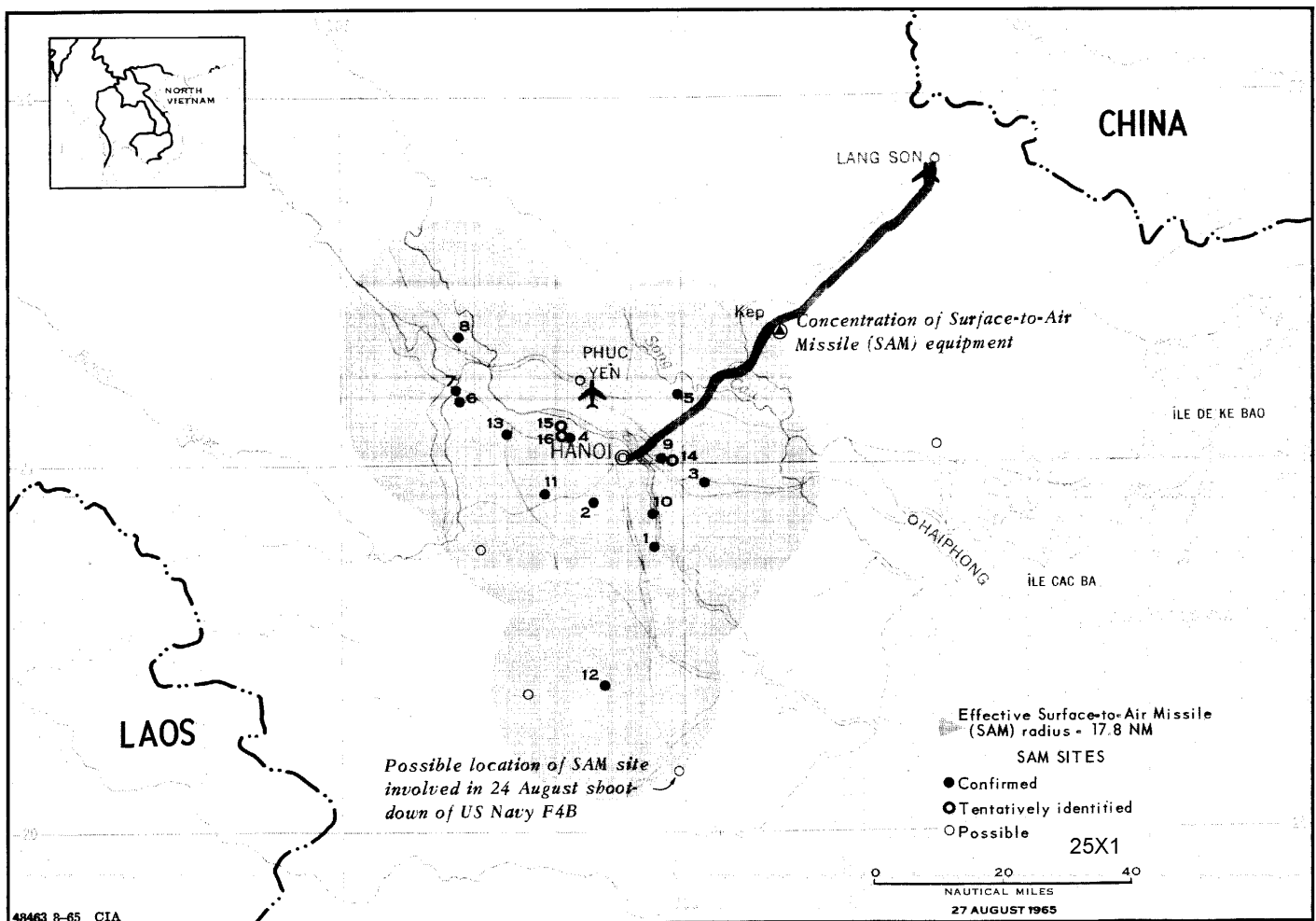
Not all of the sites are capable of firing a missile, however. The precise amount of SAM gear in North Vietnam remains uncertain because of the mobility of the equipment

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However, at least five of the sites in the Hanoi ring are considered operational and one of the three most recently detected sites--site 16--had a full complement of missiles.

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# NORTH VIETNAM: SURFACE-TO-AIR MISSILE SITES



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Since many of the sites in the Hanoi area are in close proximity--some within a mile or two of each other--it appears that the number of fixed prepared positions is intended to be greater than could be armed with the SAM equipment available. The equipment is probably being moved rapidly from one position to another

In addition to the 16 sites now listed, as yet undetected sites probably exist. On 24 August a navy F4B Phantom was shot down by a SAM from a probable temporary site while performing an armed reconnaissance mission in the Thanh Hoa area of central Vietnam. This is the fourth US aircraft, including one drone, lost to SAMs. Two other losses this past week brings the total of US aircraft lost over North Vietnam to 90.

The daily pace of US air strikes against the DRV continued during the past week, highlighted by a strike against a suspected concentration of missile equipment near Kep, on the Sino-DRV rail line some 36 miles northeast of Hanoi. The results of the raid--the first in this strategic area--were obscured by smoke and dust. Further strikes in this area or along the major rail line leading to East China would probably provoke determined North Vietnamese and possibly Chinese Communist defensive measures, possibly including the commitment of fighter forces to air-to-air combat.

Photography [redacted] revealed construction underway on the northern part of the Hanoi - Dong Dang rail line, probably to increase the capacity of this main supply route from China. [redacted]

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The Communist World

CURRENT SOVIET ATTITUDE TOWARD THE US

Relations between the Soviet Union and the United States continue to deteriorate since President Johnson's 28 July statement on plans to step up US support in Vietnam. There are increasing indications that the cultural exchange program between the two countries will be jeopardized.

There have been a number of high-level Soviet denunciations of US policy, and insulting attacks on the President personally are occurring more often in the Soviet press. Kommunist, the Soviet party's leading theoretical journal, devoted a lead editorial to indicting "Johnsonian globalism." A 21 August Pravda "open letter" signed by leading Soviet intellectuals exploited recent events in Los Angeles to condemn the President's policies.

Even as Soviet propaganda media are sounding a more strident note, Soviet officials privately are making it quite plain that under the circumstances bilateral cultural exchanges are bound to suffer. Premier Kosygin foreshadowed this shift to a harder line on 21 July when he told Governor Harriman that "the Vietnam issue cannot help but have its reflection on all these matters...as the situation hampers us, and you as well, all along the line."

Soviet stalling on a number of scheduled cultural exchanges is believed to reflect a recent policy decision which may lead to the cancellation of some exchanges already under contract. There have been implied threats to stop the distribution of the US cultural magazine Amerika.

Moscow, however, apparently still wants to keep the deterioration in relations within careful limits, and is proceeding with great caution to avoid a direct confrontation with the US in Vietnam. Indeed, the USSR's unwillingness to react in kind to US military moves in Vietnam forces Moscow to turn to bilateral exchanges as one of the few alternative avenues for retaliation.

The Soviet leaders are well aware that a policy of militant antagonism toward the US would play directly into Chinese Communist hands and concede Peking a major victory. This may, in part, underlie Moscow's moves to resume the Geneva disarmament talks as well as its reluctance to exploit the recent US action at the UN to lay aside the Article 19 question. In any case, the Soviet leaders appear determined to pursue their interests despite the Chinese, who have persistently attempted to

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impugn the validity of the basic goals of Soviet foreign policy-- in particular the tenet of peaceful coexistence.

Recent authoritative Soviet editorials have thus attempted to strike a balance between Moscow's "unflinching" support for the DRV "not by words, but by deeds," and the necessity to remain flexible in talks and negotiations with the imperialists

and the US in particular. These articles bitterly attack "those inclined toward risky foreign policy actions and adventurism"; point up the need to be ready for "agreements in the interest of peace"; and reaffirm the USSR's commitment to the policy of peaceful coexistence despite the "mounting international tension" resulting from increased "acts of aggression" by the US. [REDACTED]

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#### COMMUNIST CHINA BUYS MORE GOLD

Peking's increased trade earnings this year support its continued gold buying on the London market. These purchases now total \$135 million, and are apparently a hedge against a possible devaluation of sterling as well as a way to build up China's scanty gold reserves which are estimated at around \$300 million. In addition, Peking maintains substantial holdings of foreign currencies, mostly in sterling, for trade purposes.

So far, about \$75 million worth of gold has been shipped to China; the remainder is stored in the UK. More purchases are expected, and further shipments to Peking--probably on chartered Pakistani International Airlines (PIA) aircraft--will probably take place in the near future.

Despite heavy outlays for Western products such as grain and fertilizer, China's carefully managed trade with the free world, which is expected to be up 20 to 25 percent this year, is providing Peking with extra foreign exchange. China's trade earnings from Hong Kong, for example, its largest source of foreign exchange, are expected to reach about \$420 million this year, over \$80 million higher than last year's record level. A sizable part of these surplus funds is apparently to be used to buy gold this year rather than to prepay grain debts as China has done in the past. There has been no evidence of prepayments this year, whereas last year Peking probably spent over \$100 million paying off free world debts ahead of schedule. [REDACTED]

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IMPLEMENTATION OF THE SOVIET MILITARY AID PROGRAM

Major Soviet military equipment deliveries to free world underdeveloped countries are now taking place, largely in fulfillment of aid pacts reached in 1964.

Egypt is believed to have recently received at least three SU-7 supersonic tactical fighter bombers (Fitter), and two more submarines are expected to arrive in Alexandria shortly. This is the first time the SU-7 has been exported to a non-Communist country. Other recent arms shipments supporting long-range programs in effect for several years have included land armaments, aerial bombs, MI-6 helicopters, and equipment for Egypt's surface-to-air missile (SAM) systems.

Military shipments to Iraq continue. The latest was the delivery of three AN-12 transports in July. Twenty MIG-21 jet aircraft, scheduled to arrive in the second half of 1965, will complete major equipment deliveries under the June 1964 arms deal.

Algeria is currently absorbing the large amount of equipment which flowed in during the past year. Four Soviet submarine chasers are expected later this year, presumably with Algerian crews who are expected to return soon from training in the USSR.

Soviet arms aid elsewhere in Africa has not been massive. The fifth delivery of ground forces equipment arrived in Congo (Brazzaville) in July under an apparent early 1965 arms pact.

Future deliveries may include some aircraft. There are at least 60 Congolese taking aviation training in the USSR.

The USSR appears to be responding to renewed Guinean interest in Soviet military aid, and a new arrangement may have been agreed upon in July when Premier Touré visited Moscow. Two P-6 motor torpedo boats were delivered this month-- the first military delivery to Conakry since 1962 when shipments were completed under the 1960 Soviet-Guinean arms agreement.

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Somalia, which is coping with major maintenance problems on ground forces equipment and planes already delivered, has just sent 94 more military personnel to the USSR for training.

In Asia, Moscow's most promising customer is India. Deliveries in recent months have included jet aircraft and SAM equipment, and for the first time, 130-mm. artillery and PT-76 tanks. On 14 August, an Indian naval delegation left for Moscow to discuss the purchase of four late model submarines and other naval craft.

The USSR is scheduled to deliver MIG-21 aircraft to Afghanistan this month. Earlier this year about 60 Afghan Air Force officers went to the USSR for MIG-21 training. To "complete" the Afghan air defense system, the first training

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courses on the operations and maintenance of SAM equipment, which Afghanistan received over a year ago, are scheduled to begin this fall.

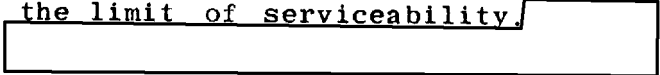
Three MI-6 helicopters have been delivered to Indonesia under the most recent arms pact--



Four submarine chasers, seven tank

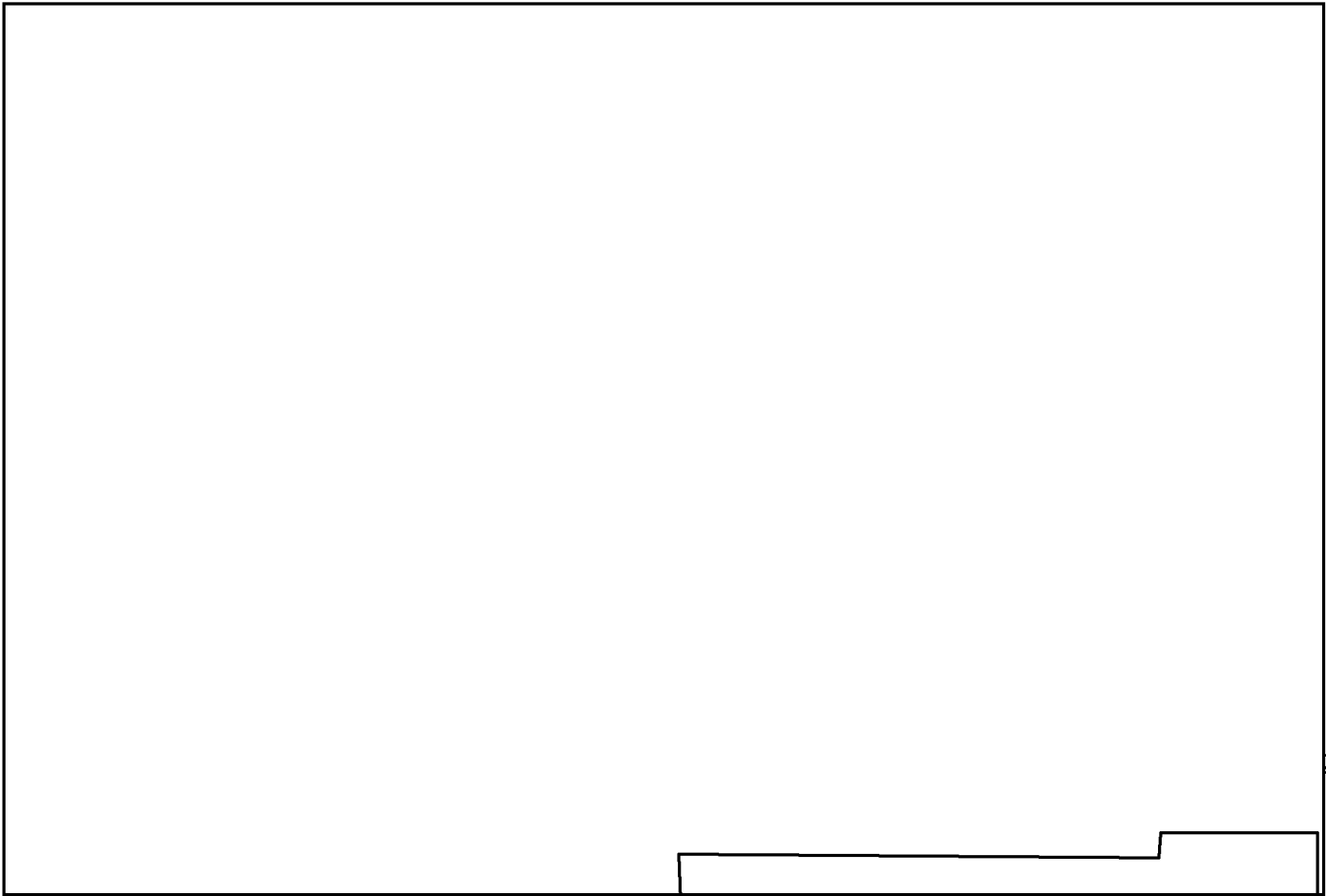
landing craft, and mobile coastal defense cruise missiles are expected to arrive during the next four months.

The first Soviet military deliveries this year to Cuba arrived in July, and apparently consisted chiefly of spare parts and maintenance gear. More deliveries are expected, because much of the solid-propellant fuel and many booster engines for Cuba's SAMs are reaching the limit of serviceability.



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## Changes in Rumanian Government 20 August 1965

OLD GOVERNMENT		NEW GOVERNMENT
<b>Council of State</b>		
STOICA, Chivu MAURER, Ion Gheorghe VOITEC, Stefan BORILA, Petre BUNACIU, Avram GEAMANU, Grigore	President Vice President Vice President Vice President Vice President Secretary	STOICA, Chivu CRACIUN, Constanta GERE, Mihai BORILA, Petre MURGULESCU, Ilie GEAMANU, Grigore
<b>Council of Ministers</b>		
MAURER, Ion Gheorghe APOSTOL, G. BODNARAS, Emil DRAGHICI, Alexandru <sup>2</sup> GASTON-MARIN, G. RADULESCU, Gogu RADOI, Gheorghe BLAJOVICI, Petre VERDET, Ilie BIRLADEANU, Alexandru SALAJAN, Leontin Gen. MOSORA, Dumitru LEVENTE, Mihail BALAN, Stefan VIJOLI, Aurel FAZEKAS, Janos MANESCU, Corneliu PETRI, Mihai SUDER, Mihai MARINESCU, Voinea DRAGHICI, Alexandru <sup>2</sup> DUMITRIU, Adrian SENCOVICI, Alexandru MARINESCU, Mihai MARINESCU, Ion ALMASAN, Bujor (not applicable) FLORESCU, Mihail (not applicable) SIMULESCU, Dumitriu DALEA, Mihai CRACIUN, Constanta  GASTON-MARIN, G.	Premier First Vice Premier <sup>1</sup> First Vice Premier First Vice Premier Vice Premier Vice Premier Vice Premier Vice Premier Vice Premier Vice Premier Vice Premier Vice Premier Armed Forces Construction Industry Domestic Trade Education Finance Food Industry Foreign Affairs Foreign Trade Forestry Health and Social Welfare Internal Affairs Justice Light Industry Machine Construction Metallurgical Industry Mines Electric Power Chemical Industry Petroleum Industry Transport and Telecommunications President, Higher Agricult. Council President, State Committee for Culture and Art President, State Planning Commission	MAURER, Ion Gheorghe APOSTOL, G. BODNARAS, Emil BIRLADEANU, Alexandru GASTON-MARIN, G. RADULESCU, Gogu BANC, Iosif BLAJOVICI, Petre VERDET, Ilie FAZEKAS, Janos SALAJAN, Leontin Gen. MOSORA, Dumitru LEVENTE, Mikhail BALAN, Stefan VIJOLI, Aurel SCHIOPU, Bucur MANESCU, Corneliu CIOARA, Gheorghe SUDER, Mihai MARINESCU, Voinea ONESCU, Cornel DUMITRIU, Adrian SENCOVICI, Alexandru MARINESCU, Mihai MARINESCU, Ion ALMASAN, Bujor <sup>3</sup> DRAGANESCU, Emil FLORESCU, Mihail <sup>4</sup> BOABA, Alexandru SIMULESCU, Dumitriu GIOSAN, Nicolae MACOVEI, Pompiliu  MOLDOVAN, Roman

Names in blue are new appointees.

- 1) Prior to the Grand National Assembly session on 20 August 1965, there was only one First Vice Premier.
- 2) Relieved of position as Minister of Internal Affairs at 9th Party Congress last July.
- 3) Formerly head of combined Ministry of Mines and Electric Power.
- 4) Formerly head of combined Ministry of Chemical and Petroleum Industries.

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RESULTS OF RECENT RUMANIAN GRAND NATIONAL ASSEMBLY SESSION

Convened within a month of the ninth Rumanian party congress, the 20 August session of the Grand National Assembly demonstrated the political strength of the new party general secretary, Nicolae Ceausescu. A new constitution enunciating an independent course for the country and preparing for further evolution toward a national Communist society was ratified. The session also enacted certain structural and personnel changes of benefit to Ceausescu.

At Ceausescu's prodding, the Assembly established a "permanent bureau of the Council of Ministers." This new supraexecutive organ corresponds in importance to the new permanent presidium of the party established at the party congress. Both appear designed to stress the collective nature of decision-making in the Rumanian party and government, and to promote executive efficiency. Although the personnel roster of the permanent bureau has not been announced, Ceausescu probably will hand-pick from among Premier Maurer, State Council President Stoica, and First Vice Premier Apostol to head this new body which may include the first vice premiers as well as all six vice premiers.

Although some significant changes in the top government team emerged, the recent Assembly session mainly highlighted the continuity of Rumania's collective leadership. Ceausescu, as the first among equals, consolidated his position relative to the other members of the ruling quadrumvirate--Apostol, Maurer, and Stoica--by cutting back their areas of responsibility and by moving some of his younger supporters into state as well as party positions. In this connection, Maurer was relieved of his position as vice president of the Council of State but retained his responsibilities as premier.

In addition to Maurer, planning chief Gaston-Marin and Foreign Trade Minister Petri were replaced. Each has worked effectively for closer economic relations with the West, and particularly the US, but they reportedly have been criticized for failures in some of their domestic responsibilities. Their apparent downgrading, therefore, does not appear to signal any fundamental changes in Rumania's policy toward the West.

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**PUBLIC DISSATISFACTION BLUNTS YUGOSLAVIA'S ECONOMIC REFORM**

Considerable open dissatisfaction with Yugoslavia's month-old economic reform has prompted the regime to reinstate price controls on some consumer essentials only a week after they were lifted. This will reduce some of the long-range benefits expected from the reform, one of which was to allow prices to fluctuate freely and thus reflect supply and demand more accurately.

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Popular feelings became clear soon after 26 July when the reform measures were placed in effect. The immediate results were quick price rises and a drop in real incomes. In Zagreb, for example, prices of household gas rose 100 percent, other fuel 75 percent, and bread 46 percent, sending the cost of living substantially above the original official prediction of 22 percent.

Fed by rumors of further price increases and job reductions, pressures began building for the regime to increase wages immediately to partly offset the price increases. On 4 August the Federal Executive Council an-

nounced that increases in prices for communal services, electricity, rents, and retail prices of fresh meat would be temporarily limited. The Federal Price Office and Federal Economic Chamber also reportedly are planning to issue warnings that, if necessary, additional limits could be set. In addition, a ten-percent advance wage payment to government agencies was allocated, and certain enterprises have apparently already paid advances on salaries.

The regime's actions probably will allay unrest over the reforms for awhile. However, the reinstatement of some price controls will provide ammunition for opponents of the liberalization program. Certain of the more orthodox and doctrinaire Marxists members in the government, party, and trade unions are apparently arguing that the reforms are too radical. For the time being, however, the regime leadership is committed to economic liberalization and it has the will and the authority to continue to press for decentralization despite the temporary need to interfere in the economy by controlling prices.

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Asia-Africa

**MALAYSIA-SINGAPORE WORKING OUT NEW RELATIONS**

Malaysia and Singapore are making some progress working out their new relationships, with each recognizing its dependence on the other. Some trade restrictions between the two have been removed, and a joint defense council has been formed. Singapore has agreed to send an infantry battalion to Borneo, as scheduled before the secession.

The Tunku has visited Borneo to talk to the local leaders and

seems to have blunted the secessionist movements in Sabah and Sarawak, at least temporarily. Some increase in autonomy for Sabah may be planned, which Sarawak will also claim.

The Indonesians have made it plain that they intend to continue the confrontation with both Singapore and Malaysia. The question of possible diplomatic relations between Singapore and Djakarta has been shelved. [REDACTED]

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**INDIA FACES BLEAK FOOD SUPPLY PROSPECTS**

Delayed and spotty monsoon rains have dashed Indian hopes for an abundant foodgrain harvest later this year, setting the stage for a recurrence of last year's severe food shortages. Food prices have already begun to rise rapidly, triggering several food riots.

[REDACTED] even with abundant rains from now on, Indian farmers are unlikely to produce more than 85 million metric tons of foodgrain in the agricultural year ending June 1966. Last year's output was 87.5 million tons. The lower harvest would, moreover, represent a serious setback in Indian efforts to overtake an annual foodgrain demand now running at about 94 million tons and expanding by more than two million tons each year.

Such a deficiency would also require imports at a level that would severely strain India's outmoded harbor facilities. Even the

present PL-480 deliveries--one shipload daily--are frequently delayed by port congestion. It is estimated that no more than 8-10 million tons of grain can be moved into the country each year by present cargo-handling methods. Port labor strongly opposes mechanization, and any improvement in port efficiency will come slowly.

The Shastri government is moving earlier this year than last to mitigate the effects of the shortage. Food rationing will be extended to all eight of India's cities having a population of over one million. Later the program will be expanded to include cities of over 100,000, a move which would involve 40 million people in 110 cities. Plans have also been made for better government control over the flow of grain from surplus to deficit states. These programs will place great demands upon India's limited administrative resources, however, and effective implementation may take years. [REDACTED]

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GRADUAL ESCALATION OF FIGHTING CONTINUES IN KASHMIR

The situation in Kashmir is growing more serious as Pakistani guerrillas continue to operate inside Indian Kashmir. The 16-year-old cease-fire line, moreover, is taking on the characteristics of a fluid if limited battle line.

India's deliberately increased belligerence along the cease-fire line is at least partially satisfying domestic pressures to escalate the conflict. Pakistani frustrations are reported mounting as the infiltrators meet with diminishing success and as the fighting turns more conventional on the cease-fire line, which both sides may be in the process of redrawing.

A major casualty of the present confrontation may be the long-standing UN effort to keep the peace in Kashmir. The success of the small UN observer group in Kashmir has long been predicated on the tacit willingness of both protagonists to accept the status quo, however many potshots might be fired across the fixed 1949 cease-fire line.

Pakistan's activities since 5 August, and indeed India's actions in the months before to incor-

porate fully the portion of Kashmir it rules, have essentially created a different set of ground rules. The possibility of further escalation, even if confined only to Kashmir, would further outdate the UN mandate.

India is noticeably unhappy that the UN has thus far failed to castigate Pakistan for the present turn of events, and New Delhi seems to have weighed in against Under Secretary Bunche's proposed trip to South Asia on the ground that the situation needed no new fact finder.

There are indications that Pakistan too sees no useful role for the UN and, in fact, some Pakistanis may be counting instead on British intervention--as in the Rann of Kutch crisis--should the situation in Kashmir verge on war. It may be that only a direct Commonwealth initiative, consistent with the new ground rules now developing in Kashmir and with the British in the van, can deter the protagonists threatening the peace in South Asia for the second time this year.

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**EGYPT AND SAUDI ARABIA AGREE ON YEMEN SETTLEMENT**

Egypt and Saudi Arabia have agreed on a settlement of the civil war in Yemen, but implementation may prove extremely difficult.

President Nasir met with King Faysal in Jidda this week, and the two leaders signed a nine-point agreement. The pact appears to have been designed to

[Redacted]

[Redacted] bring the war to a close. It was allegedly negotiated after prior consultation with the leaders of both Yemeni factions.

The agreement covers the 15 months leading up to a national referendum by 23 November 1966, in which the Yemeni people will determine their political future. The first and most important step of the period occurs between now and 23 November 1965. During these crucial three months, both the republicans and loyalists will have to bring about an effective cease-fire and cooperate with Saudi Arabia and Egypt in setting up an interim conference of 50 members, "as shall be agreed on."

[Redacted]

The cease-fire is to be enforced by a joint peace team which will have the assistance of a "joint force from the two states ...to put an end to any violation." This appears to mean that a Saudi-Egyptian military unit will help enforce the peace.

The interim conference will be held in Yemen at Haradh near the Saudi border and will be faced with the difficult problems of deciding the form of government for the transitional period, of selecting the members of a caretaker cabinet, and of choosing the form and system of the referendum.

Saudi Arabian aid to the royalists is to cease completely, and during the ten months following the conference the Egyptian forces are to withdraw from Yemen. The last two months will be used to organize the national referendum, which may be supervised by a neutral committee representing Saudi Arabia and Egypt, if the national conference feels that this precaution is necessary.

Solution of the Yemen problem has always involved two main points. First, the prestige of the real principals, Nasir and Faysal, had to be upheld by whatever agreement was reached. Second, the intense bitterness, often having long historical roots, between warring Yemeni tribes had to be overcome. The agreement appears to have accomplished the first objective admirably. The problem of bringing feuding tribes to the peace table may prove insuperable, however.

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**NEW GREEK PREMIER AWAITS CONFIDENCE VOTE**

Premier Tsirimokos' week-old government faces an unpredictable parliamentary confidence vote within the next few days.

Tsirimokos' prospects for parliamentary approval suffered a setback on 26 August when Progressive Party leader Markezinis announced he would withhold his support. At least three of the other seven progressive deputies, however, may vote for the new premier. Tsirimokos now must garner a sizable number of defectors from among the Center Union deputies now supporting ex-Premier Papandreou.

Papandreou continues to demand a new election as the only "sensible" end to the crisis.

[Redacted]

[Redacted] the King may make such a move should Tsirimokos fail to get a vote of confidence, although he has previously been strongly opposed to early elections.

The security forces will remain on the alert during the proceedings in Parliament. No serious incidents have occurred since the riots last week, but there is a possibility of further trouble inasmuch as the Communists and left-of-center forces are likely to call for continued demonstrations.

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**CONGO'S KASAVUBU AND TSHOMBE STILL AT ODDS**

The struggle between President Kasavubu and Premier Tshombé remains unresolved, and the two apparently distrust each other as much as ever. The planned convening of parliament in early September is uncertain, now that the court of appeals has declared elections irregular in a fourth province, Maniema.

Kasavubu continues to say he intends to rename Tshombé premier of a new transitional government, to hold office until presidential elections some six months after parliament convenes. Minister of Interior Victor Nendaka, appointed by Kasavubu in July to replace Tshombé henchman Munongo, is hold-

ing a political caucus in the eastern Congo. He apparently hopes to line up parliamentary support against Tshombé and assist Kasavubu in cutting the premier down to manageable size.

Tshombé gives every indication that he would prefer to hang on to the premiership, bending to some of Kasavubu's demands the better to fight another day. Congo Army chief General Mobutu continues convinced that the Kasavubu-Tshombé "team" must be maintained, if possible, and it is extremely unlikely that Kasavubu will take any action without the general's approval.

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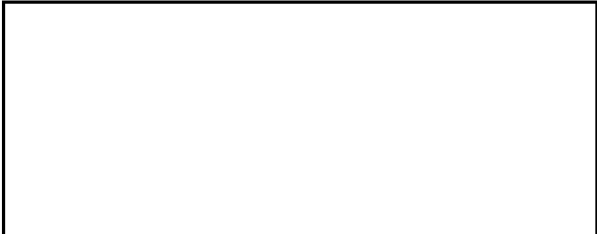
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Europe

FRENCH MILITARY SALES TO SOUTH AFRICA

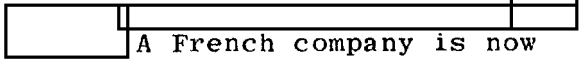
French - South African co-operation in arms supply and related scientific and technical fields has been increasing. In view of the arms embargo observed by some of South Africa's major trading partners, such as the US, the UK, and West Germany, France expects its own sales to increase in coming months. Paris evidently hopes it can avoid compromising its ties with Black Africa and the "third world" by maintaining that it is not selling equipment that can be used for internal repression.

Cooperation with South Africa has taken various forms. In 1964, the two countries signed a 20-year agreement permitting establishment of a French space tracking station in South Africa.



Aircraft have accounted for a major share of South Africa's military purchases from France. The French recently established an office in South Africa representing the entire aircraft industry. Pretoria has bought

several dozen Mirage III jet all-weather fighters from France



A French company is now developing air defense surveillance radar for South Africa.

South Africa also remains interested in the Breguet Atlantique, a maritime patrol aircraft produced for NATO. Sale of this aircraft to South Africa would require NATO concurrence, which has not yet been granted.

France has refused to abide by the 1963 UN resolution imposing a strict embargo on sales of military equipment to South Africa. Paris has held that a full embargo is ineffective as a means of inducing Pretoria to liberalize its racial policies, but has imposed a selective embargo on weapons useful for internal repression. Shipments of helicopters, jet trainers and armored cars, mortars, and small arms have been stopped. French Panhard armored cars are being built in South Africa under a licensing agreement



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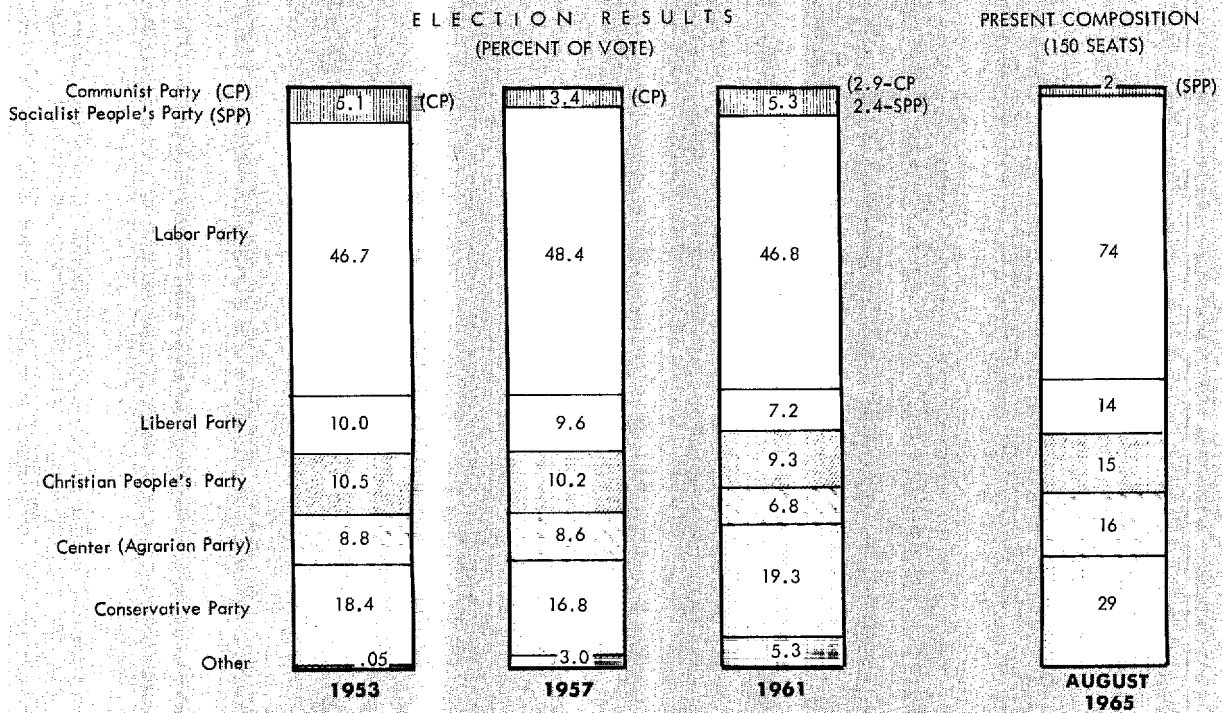
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**NORWEGIAN STORTING (PARLIAMENT): OUTCOME OF NATIONAL ELECTIONS**



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NORWAY'S NATIONAL ELECTIONS

The national elections on 12-13 September will give Norway's four non-Socialist parties the best chance in decades to unseat the Labor Party, which has governed the country almost uninterruptedly since 1935.

No sharply controversial domestic or foreign policy issues have developed thus far in the campaign, although the opposition is trying to exploit a controversy over an oil exploration concession on Spitsbergen (Svalbard) which the government granted to a US firm. In order to rally supporters, the leaders of the Labor Party appear to have felt constrained to move somewhat to the left--or at least to give the impression of doing so--on domestic problems. Labor is concerned over the steady, relative decline in its popularity since 1957 and over indications that a sizable number of its supporters may defect to either the Conservatives or the "national Communists"--the Socialist People's Party (SPP).

Labor had sought earlier to offset growing disaffection by speeding up its program to increase pensions, establish a compulsory national pensions system, and institute a four-week annual paid vacation for all workers. This appears to have had little impact on two of the largest disaffected groups: radical youth who favor greater emphasis on international issues, and increasingly affluent white-collar workers who no longer unhesitatingly accept Labor and the unions as their most effective advocates.

The evidence of a decline in Labor's influence has naturally heartened the leadership of the four non-Socialist parties. In an anticipated close election, they stand a chance of reducing Labor's plurality to the point where the political complexion of the next government would be in doubt. The 150-seat Storting now is almost evenly divided between Labor and the other parties, and the election could result in a deadlock in which 75 seats would be held by Labor and the SPP, and an equal number by the four non-Socialist parties.

In the current Storting, Labor has only 74 seats and must accept the support of the SPP's two deputies in any showdown vote over domestic matters with the opposition, which also controls 74 seats. Labor receives the support of the non-Socialists on foreign policy and defense matters. Of the parties with parliamentary representation, only the SPP advocates withdrawal from NATO and pursues an anti-US line.

The failure of either Labor or the four disparate non-Socialist parties to obtain a plurality which could be considered a mandate to form a cabinet, would lead, in all probability, to the formation of a weak and indecisive government. In this situation the SPP's potential for creating mischief would be greatly increased.

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Western Hemisphere

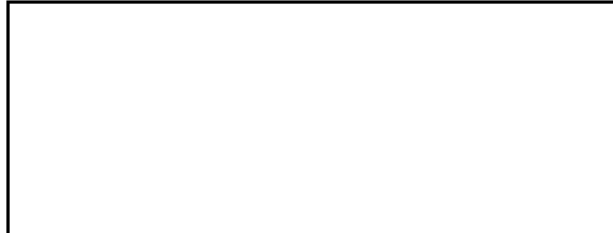
DOMINICAN REPUBLIC NEGOTIATIONS

A negotiated settlement of the Dominican crisis is still stalled as both sides have taken positions that will cause further delay.

Last week the rebel negotiating team tentatively accepted the OAS terms after modifications and a formal reservation. The rebel decision to sign could be jeopardized either by extremist pressure or because of disagreement with counterproposals that Imbert's regime might advance.

The rebels object to the provision making the departure of the Inter-American Peace Force (IAPF) a matter to be agreed on by the provisional government and the OAS. They cabled 12 Latin American governments asking their support for the provisional government's right to determine the date of the withdrawal of the IAPF. Initial reaction from the governments appears to be cool. The rebels' strongly worded message could, perhaps, become a crucial document affecting the concept of a permanent regional armed force.

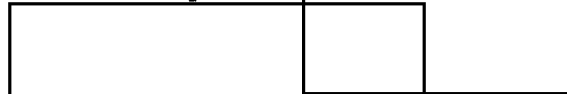
Imbert and the armed forces are resisting acceptance of the revised OAS proposals and are reiterating that their earlier acceptance was conditioned on no changes being made to mollify the rebels.



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There is far from unanimous agreement in the rebel camp. The "Constitutionalist" negotiating team reached a qualified decision to sign the document only after acrimonious debate among the followers of Juan Bosch and Hector Aristy and Jottin Cury who appear to respond to extremist pressures. The three Communist parties in the rebel enclave have indicated that they will not abide by any agreement and plan to continue the struggle by guerrilla and terrorist activities.

Dominican Communists have substantially improved their capabilities to promote insurgency since the insurrection of 24-25 April.



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perience gained during the fighting, [redacted] will provide the trained cadres needed to utilize the cached weapons.

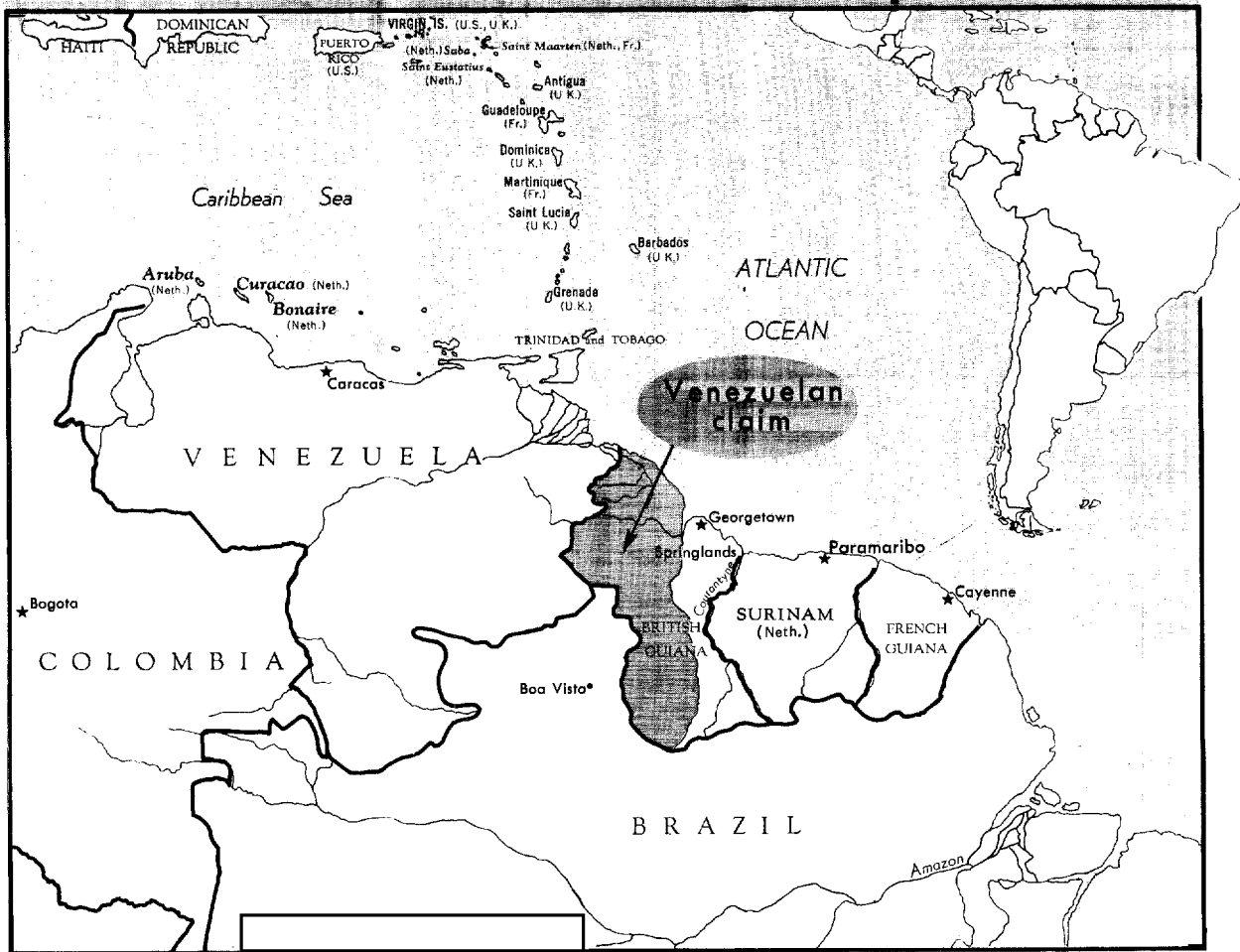
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There is a general agreement among the three Communist

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### Venezuela—British Guiana Border Dispute



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parties that the violent struggle must be maintained. The pro-Chinese Dominican Popular Movement (MPD) is attempting to capture control of all leftist extremist forces. The party concluded a highly publicized party congress this week during which plans were launched for the formation of two popular fronts. A proposed united front would be an open anti-imperialist movement under local Dominican direction. A covert liberation front, on the other hand, would be patterned after the Venezuelan National Liberation Front and subject to international Communist guidance. MPD leaders sharply criticized the orthodox Dominican Communist Party (PCD) at the congress for revisionism and adherence to Moscow's policy of peaceful co-existence.

PCD leaders, worried over the upsurge of the MPD, have at least ostensibly swung their party's orientation toward violent action and have initiated "self-criticism" of the party's role in the April coup. The PCD's news organ, El Popular, stated on 16 August that the party now considers armed insurrection necessary for taking revolutionary power.

The Communist-dominated 14th of June Group (APCJ) is undergoing both an ideological and personal power struggle which makes definition of its position difficult. Should the hard-line faction prevail, APCJ strength would add considerably to the Communists' insurgency capability.

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#### VENEZUELAN TERRITORIAL CLAIM ON BRITISH GUIANA

Venezuela is once again re-asserting its claim to almost 70 percent of British Guiana. It maintains that the arbitration tribunal, composed of US and Russian arbiters, which set the boundary in 1899 was influenced by Russian collusion with Britain and that in any case Venezuela had been bullied into agreeing in 1897 to accept the tribunal's findings. In pushing the subject now, Caracas appears

to be acting less on logic than on emotion, inasmuch as it also wants to maintain good relations with the UK and British Guiana.

The disputed area consists of about 55,000 square miles of unpopulated jungle and marshland west of the Esequibo River. It is largely unexplored, but its general terrain suggests that it may have valuable mineral and oil deposits. British

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Guiana recently offered oil exploration concessions in the area to the Continental Oil Company



Venezuela has revived the issue sporadically. It was mentioned specifically at a foreign ministers' meeting in Washington in 1951 and the Inter-American Conference in Caracas in 1954. The downfall of the Perez Jimenez dictatorship in 1958 interrupted preparations to renew the claim, and the issue lay dormant until Cheddi Jagan's election victory in August 1961 and the start of talk of independence for British Guiana. Since then Venezuela has brought up its claim more frequently. It obviously believes Britain would be more inclined to negotiate than would an independent--and possibly leftist, Jagan-dominated--British Guiana.

In addition, in December 1964 President Leoni ordered the printing of 15 million postage stamps depicting a map supporting Venezuela's claim and, in February 1965, he published a new official map showing the area as a "zone in dispute."

In recent months the Venezuelan Government has demonstrated renewed determination regarding its claim. A congress-

sional committee was appointed on 21 July to study a proposal that the congress officially support Venezuela's claim to western British Guiana and to coordinate action on it. The chief of the joint staff said on 30 July that the military fully supports the government's claim and is distributing some 30,000 pamphlets in several languages justifying it. He stated that the government is taking the claim to a world court, and that a military solution is not ruled out if legal means fail.

Resort to military activity seems unlikely, however. Instead the government is probably setting the stage for presenting its case to the UN if further negotiations with the UK are unfruitful.

The UK, although reluctant to reopen the 1899 arbitration, has considered suggesting that the dispute be referred to the International Court of Justice.



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STUDENT OPPOSITION TO THE BRAZILIAN GOVERNMENT

Brazil's university population and the Castelo Branco government are becoming increasingly alienated. Although hostility to the regime on the nation's campuses is neither universal nor so sharp as to pose a serious problem now, it promises to become so eventually unless the government makes concerted and early efforts to improve its relations with the students.

At the heart of the students' quarrel with the government is the so-called "Suplicy law," promulgated last November. Named after Minister of Education Suplicy de Lacerda, the law regulates student affairs and organizations and generally curtails their political activities. Resentment of the law has been so strong, and the government has been so preoccupied with other matters, that university-level elections for the new student organizations called for in the new law have been deferred twice from their original December 1964 date and were carried out only in mid-August.

The loudest opposition to the Suplicy law has come from the National Union of Students (UNE), the leftist-controlled

student grouping that the regime seeks to supplant by creating an apolitical, government-supported National Students Directorate (DNE). At the UNE's 27th national congress in Sao Paulo from 25 to 31 July, delegates passed a resolution calling for students to boycott the elections to be held at universities throughout Brazil on 16 August, or if this were not feasible, to submit blank or defaced ballots.

The Suplicy law provides that students must vote in order to be eligible to take examinations; consequently, only a handful of students failed to vote on 16 August. In many cases, however, blank or defaced ballots were more numerous than valid ones, and students at universities in Brasilia and Goias State did not even register slates of candidates. The government nevertheless expects that further steps in the electoral process to complete the organization of the DNE within the next few weeks will be accomplished without incident. On the other hand, it seems clear that the majority of Brazil's university students will continue to support the extra-legal and leftist-dominated UNE rather than the officially recognized DNE for the foreseeable future.

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URUGUAYAN REFORM PROSPECTS SEEM DIM

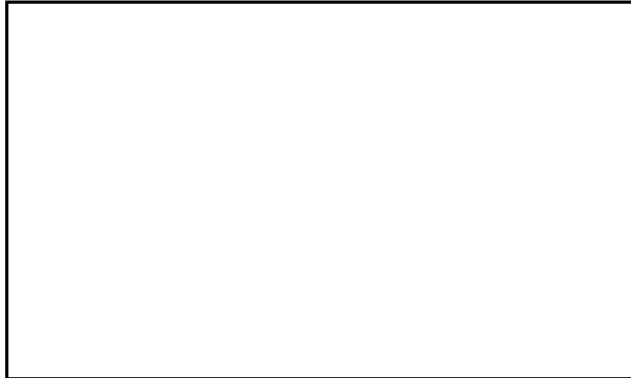
Politicians who oppose reform of Uruguay's unwieldy nine-man executive seem to be gaining ground, and prospects for a constitutional change prior to the

October 1966 elections have declined. Although reform of the executive has been an avowed goal of all the major political groups, they have been unable

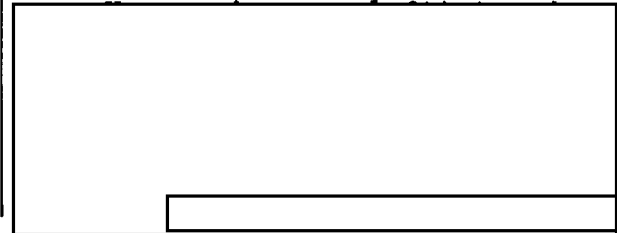
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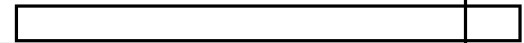
to agree on what form the change should take.



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United Nations

REACTIONS TO US POSITION ON ARTICLE 19

United Nations members are generally pleased with the new US position on Article 19, which will permit the General Assembly to resume normal operations this fall. Many of them are now concentrating on trying to restore the UN's solvency by erasing its \$107-million debt.

Britain and Canada are again heading a campaign for voluntary contributions, especially from the major powers. Britain is urging the US to make a contribution as soon as possible in the hope that other members--particularly the USSR and France, the biggest debtors--will follow. Canada has proposed that the Assembly convene a special pledging conference like those held regularly to solicit contributions to UN aid programs and for refugee relief.

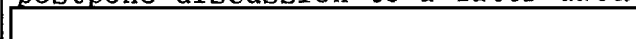
The Soviets are hinging their contribution on adequate assurance that Article 19 will not be raised again. Soviet officials in private conversation continue to indicate Moscow's desire to obtain a binding statement on the issue. Assurance through a statement of consensus by the Committee of 33, as proposed by

the Afro-Asians, may be enough to get Moscow to pay.

France may stick by its position that it will make no contribution until a formula on future peacekeeping is worked out. Paris also is concerned about the possible effects of the US reservation on opting out of future UN assessments.

As for other delinquent members, Rumania has decided to pay "a nice amount" on a voluntary basis and the Rumanian delegate believes that other East Europeans will also make payments.

The Committee of 33 will probably make a formal statement that the Assembly should resume normal operations, that Article 19 will not be raised, and that voluntary contributions should be made to ease the financial crisis. On the thorny problem of whether the Assembly or the Security Council has the right to initiate peacekeeping operations, the Committee of 33 will probably take the easy way out and postpone discussion to a later date.



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