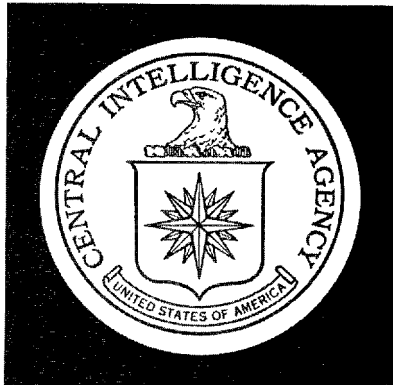


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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

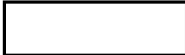
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4 Aug 1967  
No. 0301/67

State Department review completed

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Far East

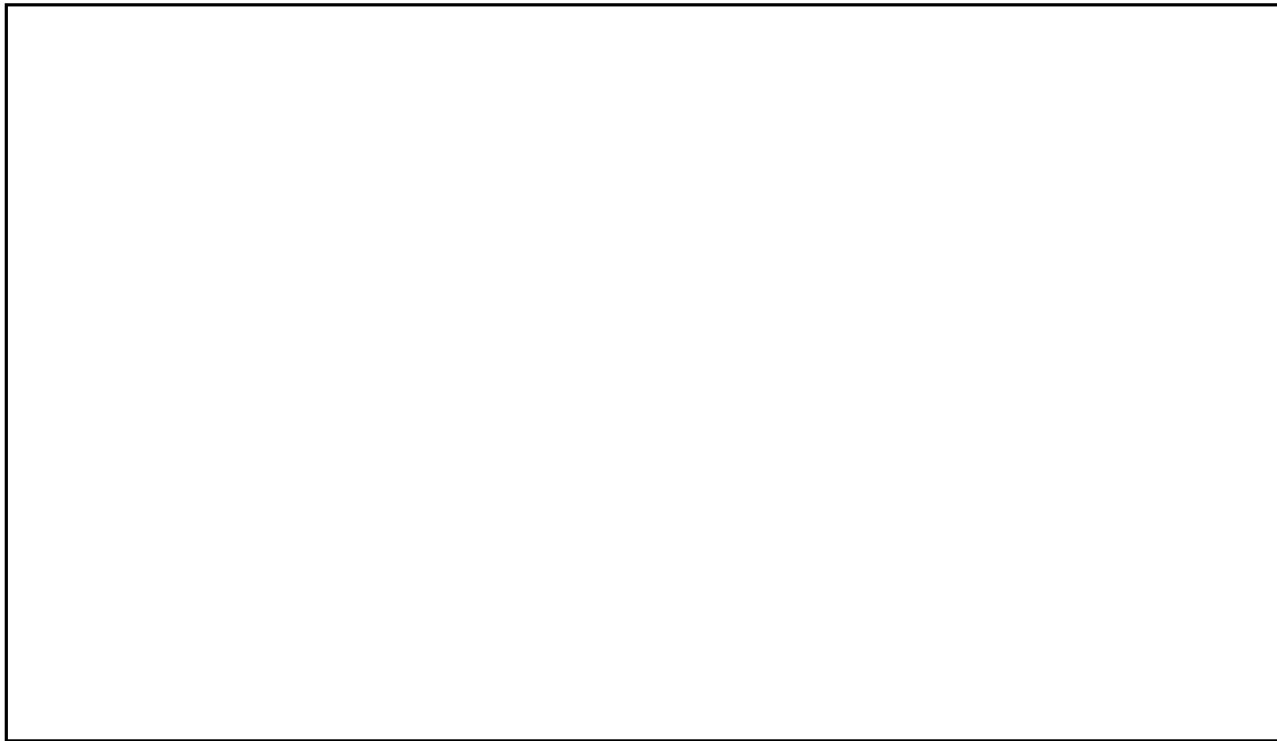
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Attacks on Marine units near the Demilitarized Zone, and rocket attacks on US and South Vietnamese Army positions north of Saigon interrupted the general lull in military activity in South Vietnam this week. In Saigon, the ground rules for the presidential campaign have been laid out. Hanoi has been forced to seek administrative and technical manpower among its heretofore distrusted middle class.	
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- SOVIETS AGAIN PROMOTING WORLD COMMUNIST PARTY CONFERENCE 16  
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- POLITICAL TROUBLES IN POLISH MILITARY ESTABLISHMENT 17  
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FAR EAST

Maoist leaders are engaged in a major effort to bring China's recalcitrant military commanders into line. A Red Flag editorial admitted that the Wuhan commander's open defiance of Peking last week was "by no means an isolated phenomenon." Although attacks on the Wuhan leader are continuing, there are indications that the Maoists have been obliged to make concessions. Their failure to deal cleanly with the Wuhan authorities may reflect pressure from other key military leaders. In an apparent effort to prevent further open defiance, Maoist leaders have been conferring with regional military officials in Peking.

The South Vietnamese presidential campaign opened officially on 3 August amidst signs of friction between the supporters of Thieu and Ky. Partisans in each camp have accused the other of undermining their joint campaign committee. The long-standing rivalry between the two men has been exacerbated by Thieu's suspicion that Ky is trying to project himself as the real leader of the ticket. These frictions, however, have not reached the point of jeopardizing the ticket's prospects for victory on 3 September.

Communist forces in Laos are increasing pressure against government positions. The most serious attacks have occurred in southern Laos against government bases supporting recently stepped-up intelligence and harassment operations into the vital panhandle infiltration corridor. This upsurge in Communist activity probably is also aimed at offsetting gains by government forces in the last six months. [REDACTED]

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VIETNAM

Military activity continues at a slack pace in most of South Vietnam, although several significant engagements occurred during the past week.

US Marines of Operation KING-FISHER suffered more than 200 casualties when attacked several miles north of Con Thien while returning from a sweep into the southern half of the Demilitarized Zone (DMZ). This sweep had been the first major allied penetration of the DMZ since last May, and its purpose was to locate and destroy enemy artillery, mortar, and rocket positions which have shelled allied field positions in northern Quang Tri Province almost continuously.

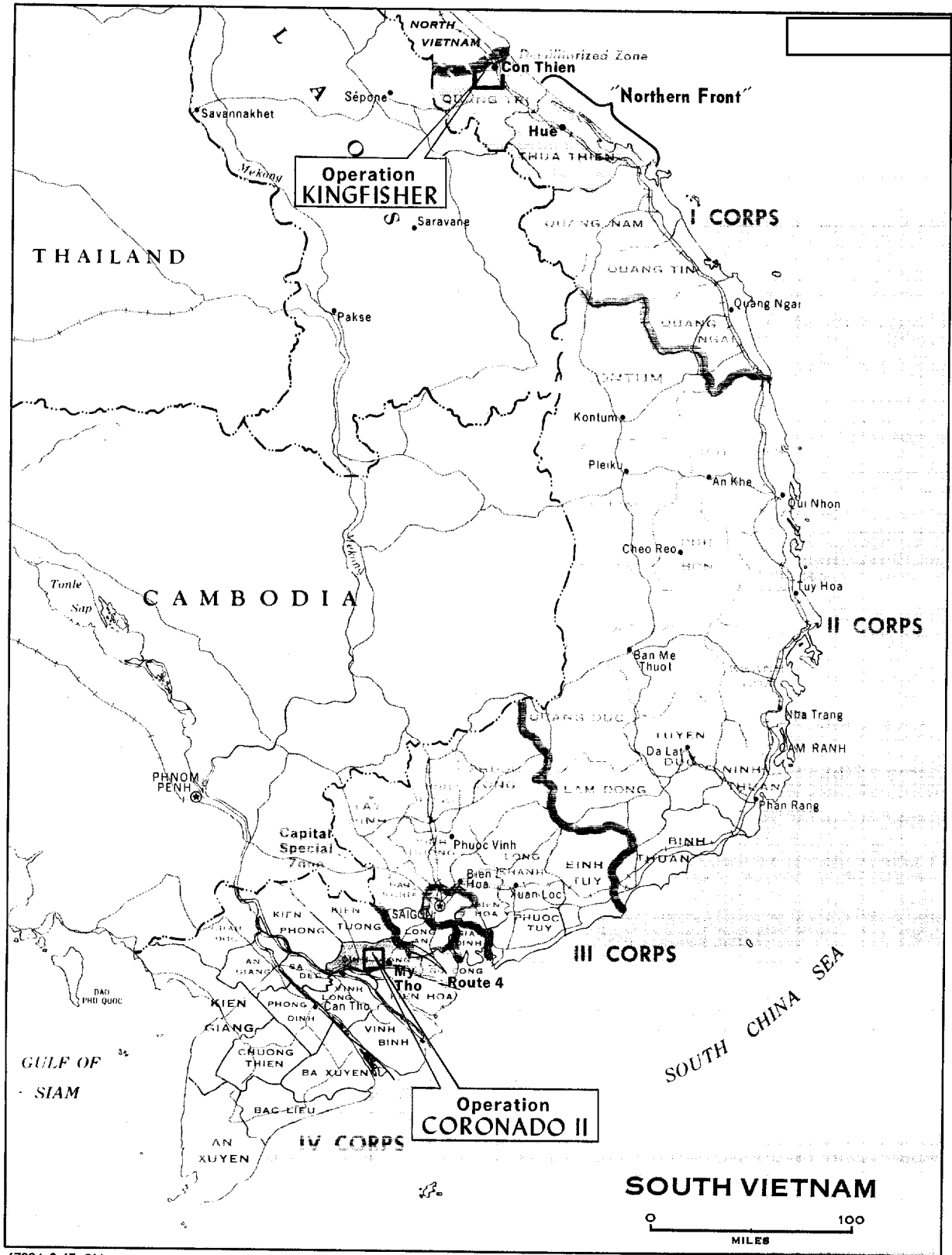
Throughout South Vietnam's III Corps, the activities of enemy forces reflected implementation of their rainy season offensive plans. These plans include selective terrorism in the more populated areas, interdiction of vital supply routes, and attacks on friendly outposts and base areas--all of which showed an increase last week. Well-planned mortar and 122-mm. rocket attacks were directed at three US and South Vietnamese Army positions north and east of Saigon last weekend. The attacking force probably consisted of subordinate units of the Viet Cong 9th Light Infantry Division, elements of which have previously participated in similar rocket attacks in the same general area.

To the south, the Communists are suffering heavy casualties as the result of allied operations in the Mekong Delta. More than 225 enemy soldiers were killed during a series of battles early this week near My Tho, in southern Dinh Tuong Province.

More than 7,500 US and South Vietnamese troops in a combined

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operation nicknamed CORONADO II, are scouring the area along National Route 4 in search of several Viet Cong main force battalions--one of which, the 263rd, was identified in the combat this week. These enemy units have recently intensified their harassment of traffic on Route 4, the vital ground link between the delta and Saigon. During a ten-day period in late July, there were over 52 Viet Cong mining incidents and ambushes along a 25-mile segment of this road. This recently intensified enemy activity in the eastern portion of Dinh Tuong Province may be a diversionary action to cover the movement of supplies and reinforcing personnel into a large Viet Cong base area suspected to be in the western part of the province.

#### Saigon Elections

The presidential campaign officially began on 3 August and will continue, under the supervision of the newly formed Central Election Campaign Committee, until the day before the election on 3 September. The committee, composed of two representatives of each ticket, outlined the major features of the campaign in late July. These include arrangements for 24 joint public appearances by the candidates throughout the country and in Saigon between 6 August and 1 September. There will also be two joint press conferences and three television appearances, during which each

candidate may speak for five minutes. A 15-minute radio talk during the first week of the campaign is also scheduled for each candidate.

This schedule is not compulsory and the candidates are free, to a certain extent, to make their own arrangements. They may, for instance, hold independent press conferences in private homes and restaurants, but not in public buildings or government offices. They are also free to talk to individual journalists at any time.

Little is known of the specific campaign plans of the two major civilian candidates--Tran Van Huong and Phan Khac Suu--but both probably have the trappings of a campaign organization down to province level at least in the delta and around Saigon. According to press reports, both intend to do most of their personal campaigning from Saigon and will send representatives on the government-arranged campaign tour.

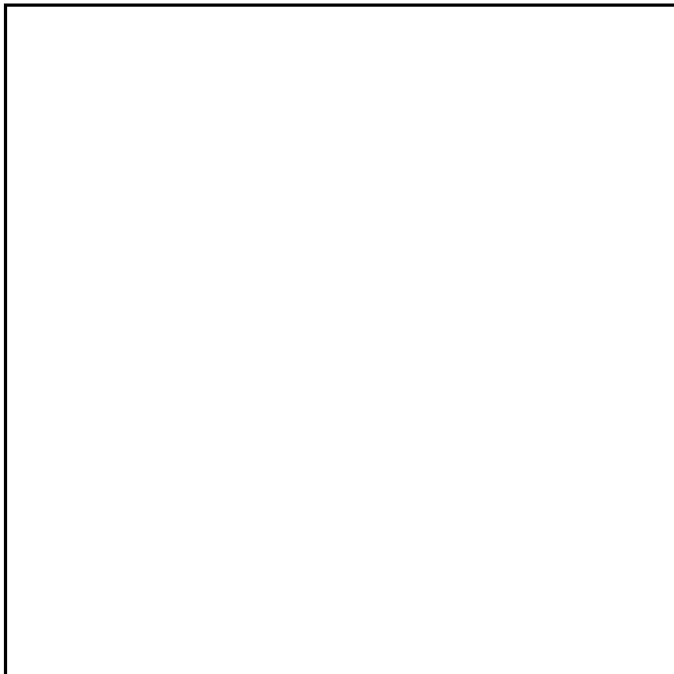
As for Chief of State Thieu and Premier Ky, there are growing indications of friction and poor working relations within their campaign organization, although both appear to be gaining support as individuals, if not as a team.



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trusted middle class for administrative and technical manpower, according to a 9 July radiobroadcast. The North Vietnamese Government recently revised its employment policy for "bourgeois" individuals in an effort to assure them jobs commensurate with their capacities and training, and to guarantee them pay scales and other incentives comparable to those received by "workers" in state enterprises. In the past Hanoi has discriminated against individuals who had worked in managerial and technically skilled positions under the French, preferring to employ less experienced but more politically reliable young Communists trained in the more advanced bloc countries.

Although the joint campaign group may not be working well as a team, supporters of either Thieu and Ky individually appear to be having some success in lining up support for their own man--a development which may serve to improve the joint ticket's chances for victory.

Hanoi Soliciting "Bourgeoisie"

Hanoi has found it necessary to call upon the country's mis-

Although there are few indications that the war has imposed any general manpower shortage on Hanoi, the new incentives offered the "bourgeois" suggest that there is a shortage of certain skilled workers in critical areas. This suggestion is reinforced by Hanoi's decision to step up its foreign training program. Beginning in 1967, the USSR and East European countries have signed long-term agreements with Hanoi which more than triple the number of Vietnamese students going abroad for study.

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## NEW COMMUNIST MILITARY PRESSURE IN LAOS

The Communists are increasing pressure against widely separated Laotian Government positions. The most serious attacks have occurred in southern Laos against government bases supporting increased intelligence and harassment operations into the vital infiltration corridor.

27 July and inflicted heavy casualties on the defenders before withdrawing, [REDACTED]

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The FAR's tactical position at Thateng was further weakened by the loss of a key heavy weapons position a few miles northeast on 28 July.

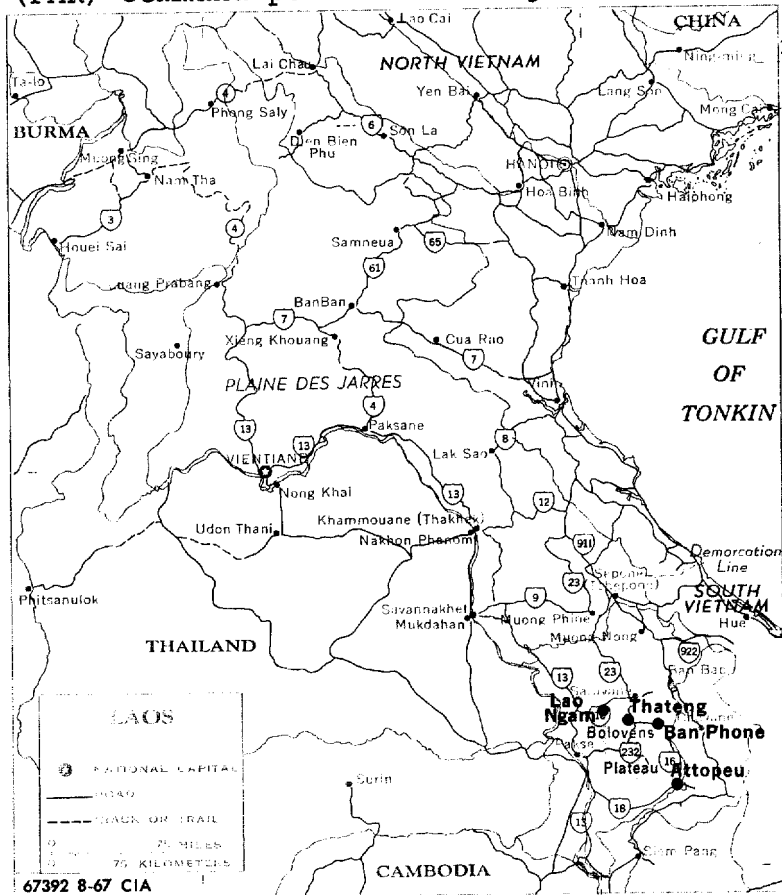
North Vietnamese troops in estimated battalion strength destroyed a Royal Laotian Army (FAR) command post at Thateng on

These attacks are the most intense the enemy has made in the Bolovens Plateau area since friendly troops were driven out of Ban Phone on 19 July. They may presage a concerted effort to push government forces from the eastern rim of the plateau.

The government has moved reinforcements into Thateng and another key position at Lao Ngam, but its defensive capability has been hampered in recent weeks by poor weather which has limited tactical air support. The enemy, moreover, has increased pressure against government positions farther south near Attopeu, in what may be an effort to draw off government reinforcements from other contested areas.

The upsurge in Communist activity during the current wet season may be an attempt to redress tactical setbacks suffered during the last dry season as a result of the improved performance of government forces and the increased effectiveness of tactical air support. [REDACTED]

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## PROSPECTS FOR ECONOMIC POLICY CHANGES IN BURMA

Further modifications of the "Burmese Way to Socialism" could occur despite the ruling Revolutionary Council's recent reaffirmation of basic economic policies following an intensive review of the economy.

The Burmese Government has been retreating, albeit cautiously and quietly, over the past several months from its drive toward state socialism. A number of commodities were restored to private wholesale and retail trade last September and several others have been decontrolled since then.

The most significant step was taken on 23 June, when the government partially decontrolled the rice trade. The failure of the state monopoly in rice trade to procure adequate supplies had resulted in an acute internal rice shortage and a further decline in rice exports, which account for an estimated 70 percent of Burma's foreign exchange earnings. The government may go even further if, as expected, the 23 June decision encourages farmers to market the stocks they have ac-

cumulated because of the government's unrealistically low price.

Burma's strained relations with Peking following the anti-Chinese disorders in Rangoon in late June have not only provided the Burmese Government with a face-saving opportunity to effect further economic changes but have brought the nation's economic plight into sharper focus. The opportunity derives principally from a wave of unprecedented popular approbation ensuing from Peking's diatribes against the "fascist" Ne Win regime, although time may be running out since much of the enthusiasm generated in the early stages of the dispute probably is now waning.

For its part, Peking is showing no disposition to relax its propaganda offensive. The Chinese have recently increased their broadcasts to Burma and now are emphasizing Burma's economic difficulties. These broadcasts could aggravate an already serious dissidence problem among Communist and tribal minority groups, especially if Burma's downward economic spiral is not reversed.

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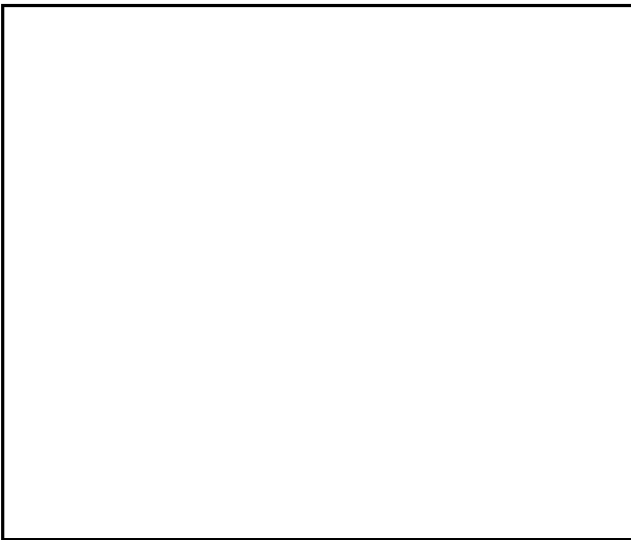
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## SINO-CAMBODIAN RELATIONS UNDER STRAIN

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The Yugoslav ambassador in Phnom Penh told a US official that anti-Chinese sentiment there is reaching serious proportions and could erupt in violent attacks against the Chinese community. He claimed that "patriotic" Cambodians are increasingly disturbed over Chinese domination of the economy and particularly the role the Chinese are playing in smuggling to South Vietnam. He stated that the situation was aggravated by the Chinese Communist Embassy's "heavy-handed" interference in the local Chinese school system, which he claims has included organization of Red Guard units.

Although these statements may be somewhat overdrawn, there has been an upsurge in leftist

activity in Cambodia in recent months. Sihanouk has reacted by declaring that "Red Guard - type" activity will not be permitted in Cambodia, and by discouraging, apparently with some success, the display of Maoist badges and literature.

At the same time, Sihanouk has made it clear he does not want the crackdown on the Cambodian left to result in a breach with Communist China. He has taken pains in his public remarks to absolve Peking of responsibility for the activities of overzealous leftists. He reacted mildly to the sacking of the offices of an anti-Chinese newspaper. He also refrained from public comment on the offensive behavior of a Chinese military aid group which insisted the Cambodian pilots could not fly properly because they had been trained by "imperialists."

The Chinese, for their part, appear equally reluctant to worsen relations. Their reaction to Sihanouk's campaign against the left, which has included the deportation of the two leading pro-Peking businessmen, has been mild. The Peking regime's public response to Cambodian press criticism of its propaganda activities has been couched in defensive and generally noninflammatory language. Finally, Peking has invited the Cambodian foreign minister to visit China, probably to try to work out some of these problems.



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## PEKING IN CONFLICT WITH REGIONAL COMMANDERS

Maoist leaders are engaged in a major effort to bring China's recalcitrant military commanders into line. The conflict is far from resolved, and violent incidents continue to erupt throughout the country.

Growing frictions between Maoists and military leaders culminated in an open act of defiance on 20 and 21 July when Chen Tsai-tao, commander of the Wuhan Military Region, arrested two important officials from Peking. After the two were released on 22 July, Peking mounted frenetic demonstrations in the capital and several regional cities against the commander for several days, and announced the beginning of a drive to purge military leaders.

On 30 July, however, a Red Flag editorial said that pro-Mao "revolutionaries" should exercise extreme caution in dealing with errant military leaders, suggesting that the Maoists were giving ground. The editorial asserted that in some localities the conflict between military and "revolutionary" forces is "only a misunderstanding." In such areas, it said, pro-Mao forces should be lenient.

Peking took another step backward on 1 August, when a

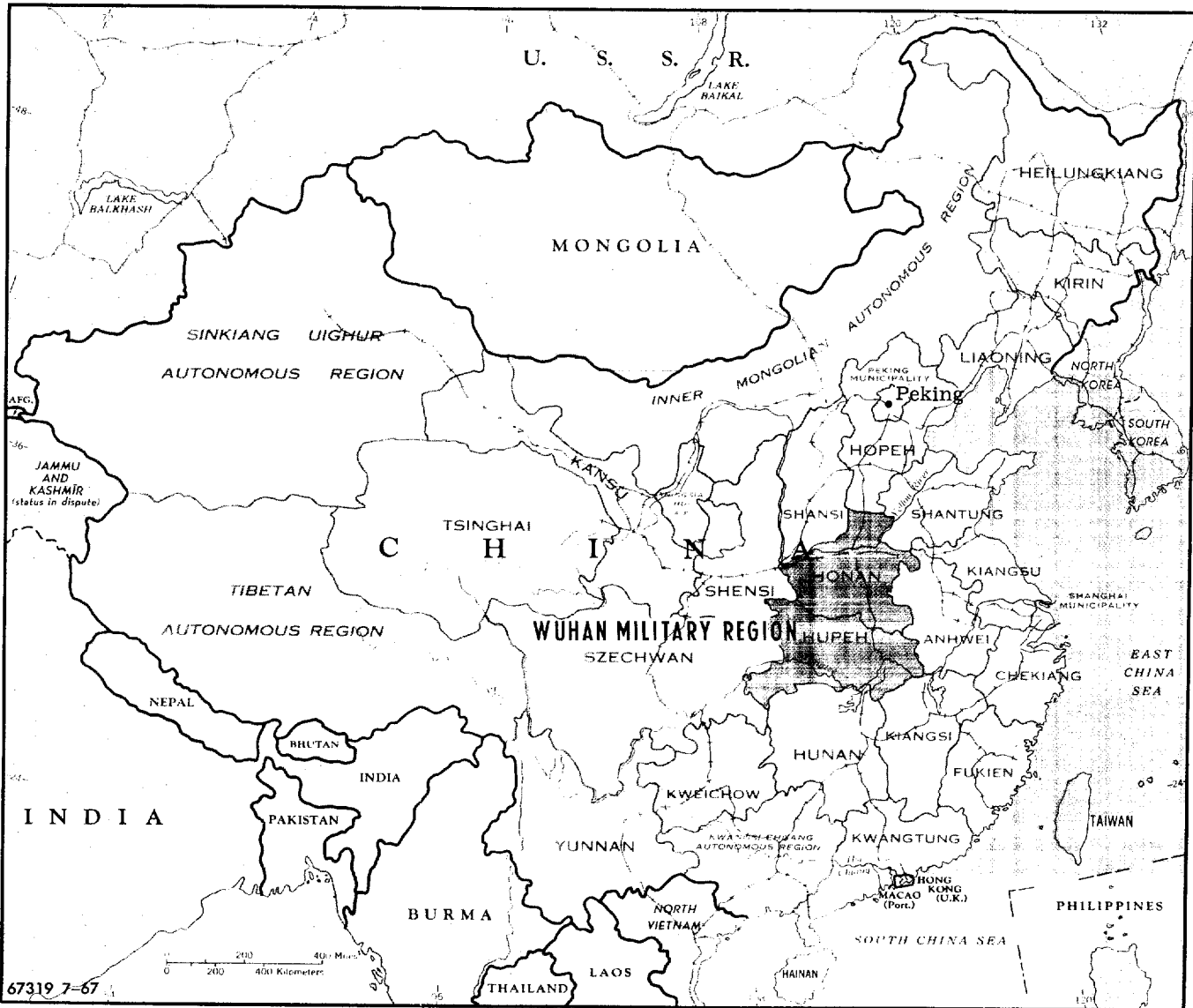
Peking broadcast revealed that the leaders of the "million-man army"--an anti-Maoist organization responsive to Wuhan Military Region command--would also "be given a chance to redeem themselves."

Maoist leaders are probably under strong pressure from military leaders to moderate their policies. For the past week Maoist leaders have been conferring with representatives from regional military commands in an extraordinary session in Peking. Three regional military officials appeared at a Peking rally on 25 July. Nine of them, representing six of the ten major commands, showed up on 31 July for the rally celebrating the 40th anniversary of the founding of the army.

This is the only time in recent years that so many out-of-town military men have gathered in the capital at one time. They normally celebrate even major anniversaries in their own provincial capitals.

The event was not attended by either Mao Tse-tung or Defense Minister Lin Piao. The significance of their absence is still unclear. The keynote speech, delivered by the acting chief of

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staff, praised both men in the usual effusive terms.

One major goal of the military leaders probably is the restoration of order. They may have pressed Mao and Lin for a clear mandate to the military to impose order and bring to an end those Red Guard activities which have produced near anarchy. This, however, would mean abandoning the main thrust of the Cultural Revolution to which both men are committed.

There is no evidence as yet that Maoists have given up on this issue. On the contrary, violent clashes and transport disruptions are still occurring

on a broad scale, and little apparent action has been taken to prevent them.

The interruption of rail traffic may be causing significant delays in the distribution of foods and raw materials to urban areas. There is no direct evidence to indicate extensive backlogs of materials, however.

The effect on Soviet aid shipments for North Vietnam is uncertain. These shipments probably receive special attention in transiting China. 25X1

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## EUROPE

All but the most urgent matters will be held in abeyance for the next few weeks as Europe's leaders close up shop for their traditional August vacations. All three of the Soviet Union's top leaders have left Moscow.

Moscow, however, remains wrapped up in the Arab-Israeli problem. The Soviets are also looking at the turmoil in China and this week made a provocative plea to the Chinese Army not to let Mao exploit it. Pravda took an indirect shot at Castro's Latin American "solidarity" meeting by reprinting an article by a Chilean Communist which takes issue with Cuba's philosophy of revolutionary violence.

President de Gaulle, after an unusually long cabinet meeting, has retired unrepentant to his country place following his extraordinary Canadian trip. He will be back in Paris on 10 August, however, for a television appearance to promote forthcoming decrees to effect socioeconomic reforms. The decrees are expected to arouse considerable public and parliamentary opposition.

The West Germans and Czechs have concluded protracted negotiations on trade. An agreement will be signed shortly providing for expanded trade and an exchange of permanent trade missions which will have certain consular functions. 25X1

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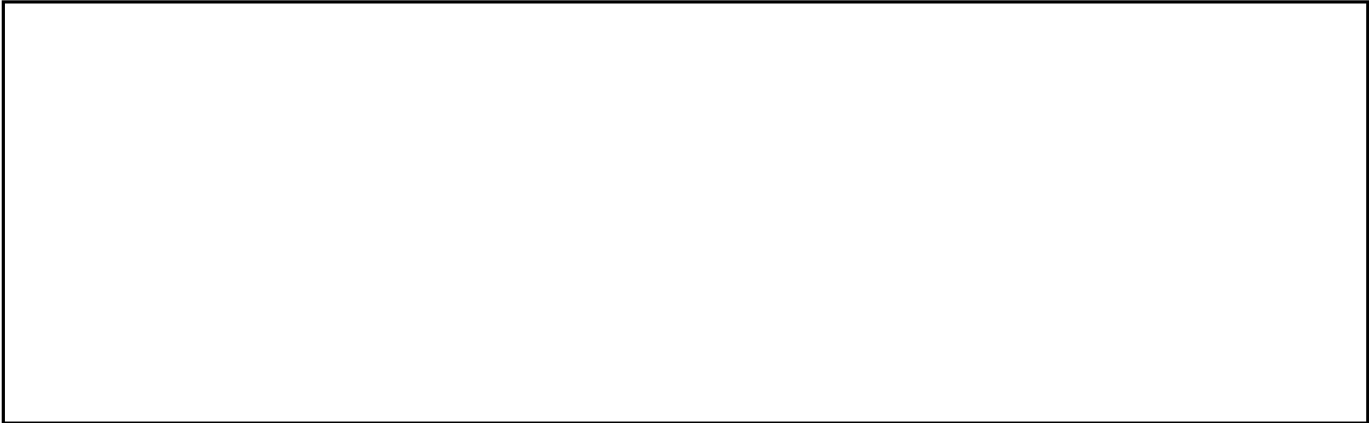
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## SOVIET MARSHAL STRESSES ROLE OF CONVENTIONAL GROUND FORCES

A top member of the USSR's high command has published the most explicit statement to date on the importance of ground forces in Soviet defense planning.

The author was Marshal Ivan Yakubovsky, recently appointed commander in chief of the Warsaw Pact forces. Writing in the 21 July issue of Red Star, Yakubovsky was careful to acknowledge the great impact of nuclear weapons but noted a wide range of circumstances calling for ground forces employing only the "classical" means of warfare. He implied that the USSR is making substantial efforts to improve its capacity to conduct nonnuclear operations.

The Soviet Army and Navy are large and reasonably well

equipped for conventional warfare. The recently developed huge AN-22 transport aircraft and Alligator-class landing ships will enhance the mobility of Soviet forces. Several new aircraft displayed in the recent Moscow air show are designed to improve air support to ground troops.

The form and timing of Yakubovsky's article suggest it was inspired by the desire of the new high command to influence policy matters, particularly defense allocations. Preliminary decisions regarding the 1968 plan probably are being taken now. To underscore the political as well as economic implications of the policy he was propounding, Yakubovsky cited the recent central committee theses stressing the importance of strengthening defenses.

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## SOVIETS AGAIN PROMOTING WORLD COMMUNIST PARTY CONFERENCE

The Soviet-sponsored idea of a conference of the world's Communist parties is in the air again. A Pravda editorial on 23 July, echoing an earlier statement by the East German party, said that bilateral and multilateral meetings of Communist parties are paving the way for a new international conference. Subsequent pronouncements have put the Bulgarian, Hungarian, Danish, Brazilian, and Uruguayan parties on record as advocates of such a conference, though with differing degrees of enthusiasm.

The obstacles to a world Communist meeting are such that the Soviets are unlikely to try to arrange it before their 50th anniversary celebrations in November. The Pravda editorial took note of these obstacles, mentioning "nationalist moods" and "internal difficulties" in the Communist movement.

For one thing, Moscow is aware that Tito's participation in multilateral consultations on the Middle East does not mean that he has abandoned Yugoslavia's independence in the Communist movement. A Soviet diplomat in Belgrade recently conceded that the alliance with Belgrade over the Arab-Israeli crisis was only temporary.

Moreover, Moscow will have noted the Rumanian's silence about Pravda's suggestion of a conference. They ignored the opportunity for comment provided by

their well-publicized parliamentary session last week in which foreign policy discussions predominated.

The Soviets thus seem to be no closer to achieving a demonstration of unity on the issue than they were in April, when several parties--notably Yugoslavia's and Rumania's--boycotted the Karlovy Vary conference of European Communists. Nevertheless, the Soviets hope to keep the subject alive and look upon lesser bilateral or multilateral meetings--such as Karlovy Vary and the get-togethers on the Middle East--as serving that purpose.

There are tenuous indications that some such gathering may be in the offing.

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If any such meeting were held before November, it would be a limited one intended to demonstrate to foot-draggers the momentum and inevitability of the move toward a full-scale international conference.

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## POLITICAL TROUBLES IN POLISH MILITARY ESTABLISHMENT

There are signs that opposition to the Polish regime's pro-Arab policy reached upper military echelons and that, for a while after the Mid-East war, the regime was in doubt about the political reliability of some segments of the armed forces' leadership.

In a widely publicized speech on 21 July, Defense Minister Spychalski--a close friend of party boss Gomulka--implied that the political attitudes of the military failed to pass the "acute test" of the Mid-East war and that this was reflected in Polish military performance during the period of crisis. Spychalski also seemed to indicate that some officers, fearing involvement in the war because of Warsaw's support of Moscow's policy, questioned the value of the alliance with the USSR, as well as the worth of Soviet weapons, equipment, and training.

The defense minister's stress on ideological attitudes as basic to combat readiness suggests that the military establishment will be brought more closely under party control in an effort to ensure its reliability in any future crisis.

Spychalski's address is virtual confirmation of reports

that the air defense commander and two of his deputies have been purged for refusing to prepare and circulate within the air force an evaluation of the Arab-Israeli conflict based on false and tendentious regime propaganda positions. Since none of these officers is Jewish, their purge was not related to Gomulka's anti-Semitic policy statement of 19 June.

Soviet Marshal Yakubovsky--on his first official trip since his appointment as Warsaw Pact commander--made a protocol visit to Warsaw on 24 July, possibly reflecting uneasiness on the part of Soviet leaders over the situation in the Polish armed services.

Despite rumors in Warsaw that a wider cleansing--involving foreign service and foreign trade personnel--is being prepared, it is not likely that military purges will be extensive. There are good domestic reasons for avoiding a sweeping change, mainly that it would encourage factionalism and possibly threaten the political balance Gomulka has constructed between dogmatic and relatively liberal elements in the regime.

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## MIDDLE EAST - AFRICA

The Arab foreign ministers are conferring this week in an attempt to establish some unity between the radical and moderate regimes, but there is little prospect for any real achievement. They will also try to set the stage for a later summit conference--a forum which the radicals especially are seeking. Meanwhile, increasing Arab discontent in Israeli-annexed Jerusalem is creating an explosive situation there.

Elsewhere in the Middle East, both Jordan and Iraq have had cabinet reshuffles and some re-alignment seems to be in progress in Syria. None of these regimes is expected to make any major policy changes, however.

The Congress Party in India suffered another setback on 29 July when the Mishra government fell in Madhya Pradesh. It was the third Congress state regime to collapse since March, and Congress now controls only seven of the 17 states in India.

Events are moving slowly in Africa's current, top trouble spots--Congo and Nigeria. The mercenaries in northeastern Congo have left their Punia stronghold and are on their way to Bukavu. The Belgian cabinet, meanwhile, decided on 28 July that its presence in the Congo and the amount of aid granted will depend on what guarantees of safety the Mobutu government can provide Belgian citizens there. In any event, some cutback in aid is inevitable.

In Nigeria, federal troops consolidated their successful seaborne invasion of Biafra's oil terminal and now control the secessionists' main outlet to the sea. Other moves against Biafra's southwestern area are probably under way, and Nsukka in the northwest has again fallen into federal hands.

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## THE ARAB-ISRAELI SITUATION

The Arab foreign ministers' conference opened in Khartoum on 1 August with a call for unity among Arab regimes.

The agenda is apparently still under consideration in closed sessions. Proposed points for discussion probably include calling for Israeli withdrawal from Arab territories, continuing the oil embargo, and the elimination of foreign military bases in Arab countries.

Ahmad Shugayri, head of the Palestine Liberation Organization, told the press that the foreign ministers would also discuss such measures as severance of diplomatic relations with the US and UK and total boycott of trade. Such extreme measures would probably touch off bitter debate between radical and moderate Arab states, and the outcome is uncertain.

### Jerusalem and the West Bank

Arab resistance to the Israeli occupation of Jerusalem and Jordan's West Bank is rapidly increasing to the point where serious incidents are likely. Apart from the mere fact of alien occupation, the opposition reflects the Arabs' resentment of inept and sometimes calculated Israeli

moves against their economic and religious interests.

Israeli interference in the religious rights of the Arab Christians and Muslims, especially the latter, is probably the touchiest issue. The application of Israeli religious laws to the Old City and especially, the placing of Christian and Muslim religious matters under the supervision of the Israeli Ministry of Religious Affairs headed by a rabbi has been regarded by the Arabs as adding insult to injury. On 2 August the Israelis, in a probably futile attempt to assuage Arab indignation, placed the supervision of Muslim religious activities under Defense Minister Dayan.

Forced closure of all business establishments one day a week is bitterly resented. Some Israeli tourists have offended Muslim and Christian sensibilities by their dress and actions in holy places. Latin ecclesiastical authorities have responded by closing their shrines, including the Holy Sepulchre, when not being used for religious services. Israeli-imposed restrictions on both Muslim and Christian religious courts have aroused religious leaders. Censorship of Muslim sermons, another sore point, has ceased.

A number of Old City judges and lawyers have signed a protest petition and have refused to act

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on cases. Arab doctors are considering refusing to participate in the Israeli health insurance scheme. Other professions have joined the doctors' and lawyers' protests. Teachers in Nablus have threatened to strike if the school texts are replaced by Israeli ones, and many merchants have closed their stores. The majority of the unemployed will not register at the Israeli labor exchange.

The Old City council has refused to participate in an Israeli-amalgamated city-wide council protesting that this would be recognition of the annexation of the Old City by Israel, which they have denounced. Half a dozen anti-Israel leaflets have been distributed warning Arab residents against cooperating with the Israeli authorities. One leaflet originated with the Israeli Communist Party. A boycott of Israelis is reportedly planned by the Old City Chamber of Commerce and Muslim leaders as part of a general civil disobedience campaign aimed at heading off measures designed to detach Jerusalem from the West Bank.

On 30 July the Israeli cabinet spent considerable time discussing the situation in Jerusalem and the West Bank. Israeli officials have now indicated that the "policy of moderation" toward

the Arab population has not worked and that much sterner action is planned for the future. An indication of this new policy was the 31 July arrest and exile to Israeli towns of four prominent West Bank political leaders, including the former governor of the Jerusalem district.

#### Soviet Political Activity

Soviet efforts to find a solution to Middle East problems have aroused resentment and anxiety among some of the Arabs. Soviet Foreign Minister Gromyko in turn has given vent to his own frustrations at the UN. His remarks have almost certainly offended the sensitive Arabs, who are becoming more distrustful of Soviet intentions.

At home the Soviets are trying to put the best possible face on their actions in the Middle East. Various Soviet news articles have discussed the possibilities of a future role for the Communist parties in the Middle East as long as "objective conditions pertain for the development of the socialist trend." A recent Pravda article emphasized that the release of political prisoners in Egypt would enable the "cooperation of all genuinely progressive forces... which undoubtedly has broadened the revolution's social base," im-

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implying that the Soviet Government expects a more important role for Egyptian Communists. In an earlier article, Pravda attributed Egyptian military failures to the bourgeois nonrevolutionary officer corps, with the implication that the fault did not lie with the chief beneficiary of Soviet aid, President Nasir himself.

#### Soviet Military Aid

Three additional Soviet arms carriers docked at Middle East ports in the past week. With their arrival, about 42,000 tons of military equipment have now been delivered by 18 ships since 5 June--when hostilities began. It would require some 80 additional voyages, however, to get Arab military arms inventories near prewar levels.

The Egyptian military delegation left Moscow on 29 July. An agreement on Soviet equipment to be provided as part of the resupply effort was probably concluded.

Iraq's defense minister, who has been in Moscow since 21 July, is also negotiating for additional military equipment.

#### Soviet Naval Activity

Soviet submarine and surface ship deployments in the Mediterranean remain at a high level. Several ships at sea since early June probably have been replaced by other units including two landing ships and four submarines. Three SAM-equipped combatants, a destroyer, and three landing ships are probably continuing to lend support to Nasir by remaining in or near the ports of Alexandria and Port Said.

#### United Nations

Britain, concerned about the effects of a prolonged closure of the Suez Canal, is planning to consult the USSR and the Middle East countries on a Security Council resolution aimed at reopening it. London has in mind a resolution much like that agreed upon privately between the US and the USSR toward the end of the special General Assembly session. This resolution provided for withdrawal of troops and an end of belligerency. The UK, however, would strengthen the provisions on freedom of passage. The UK also intends to propose to Secretary General Thant that he pay a personal visit to the Middle East, followed by a possible appointment of a special representative to the area.

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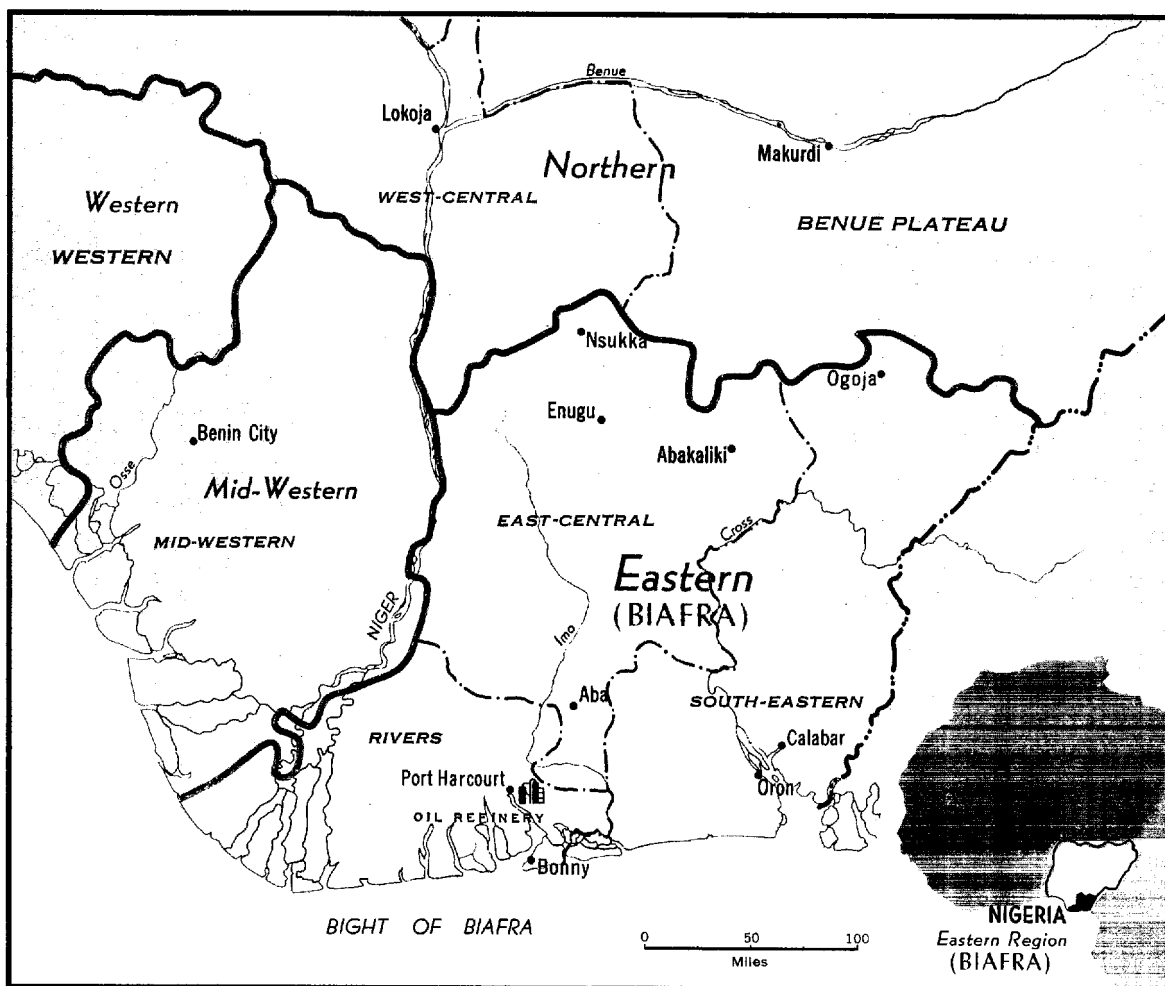
## FEDERAL FORCES INCREASE PRESSURES IN NIGERIAN WAR

The Nigerian federal government continues to press its month-old military campaign against the seceded former Eastern region, Biafra.

Troops of the landing force that seized Bonny last week are reportedly moving cautiously

upriver toward Port Harcourt accompanied by two naval patrol boats. The first federal goal is likely to be the refinery near Port Harcourt.

On the northern front, federal forces have recaptured



### Scene of Nigerian Civil War

--- Boundary of former region  
 -.-.- New state boundary decreed by Gowon

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Nsukka, although the situation there appears to remain fluid.

Biafran Governor Ojukwu still appears confident of ultimate victory, and there does not seem to be any significant decline in morale. [redacted]

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[redacted]

Additional problems may arise for Biafra after the federal government gets delivery of six jet trainers it purchased from Czechoslovakia. Two of these transited Morocco last weekend on their way to Lagos. [redacted]

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Biafra, on the other hand, has received no heavy military

equipment and probably is short of foreign exchange needed to purchase such equipment.

The federal seizure of Bonny has apparently caused the oil companies--especially Shell-BP and SAFRAP, which have producing wells in the East--to have second thoughts about royalty payments to Ojukwu. [redacted]

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[redacted]

In a further attempt to influence Shell-BP, Ojukwu is holding the company's manager hostage in Enugu and has asked the company to suspend all operations. He said Biafran security forces would guard the installations for safekeeping. Shell-BP does not appear to be disturbed by Ojukwu's action, however, and is now maintaining that its original agreement with Lagos called for royalty payments only once a year. [redacted]

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## TANZANIAN PRESIDENT TIGHTENS CONTROL

President Nyerere has taken a still firmer grip on the Tanzanian Government in the face of increasing resistance to his socialist policy. The purge of such pro-Communist radicals as Oscar Kambona, minister of regional administration and secretary general of the country's only party, may bring a slight lull in the regime's steady leftward drift, but will not significantly improve relations with the West.

Kambona's flight to London last week removed Nyerere's most likely challenger and settled a long power struggle between the Kambona faction and those party leaders allied with Vice President Kawawa. Kawawa's colleagues resented the ambitious Kambona, who was studying in England while they were building the party prior to independence, and have been maneuvering for years to oust him as secretary general. In June Kambona resigned from both his cabinet and party positions after Nyerere assumed personal jurisdiction over the country's 17 regional commissioners and left Kambona with no real authority.

Kambona's position had steadily eroded since 1963 when he was minister of both external affairs and defense and second only to Nyerere in political power. He lost the defense portfolio after the army mutiny in 1964 and external affairs in 1965. Nyerere found Kambona to be an ineffective and undependable administrator of questionable loyalty, but had been reluctant to curb him openly. His latent suspicions about Kambona's

long-time Communist contacts may have been finally aroused by recent revelations about his foreign bank accounts and East German financial support. In the last two weeks, five of Kambona's followers have been arrested for subversive activity which included contacts with the army and efforts to form an opposition party.

During the past six months new resistance to Nyerere's socialist policies has come not only from conservative businessmen but also from radical politicians who strongly object to his decree that they may not have outside income. This opposition is fragmented and lacks any common bonds of doctrine or friendship, but is likely to accelerate Nyerere's authoritarian trend.

The government shake-up in June removed several other radicals from the cabinet and left more able, conservative administrators in charge. Nyerere has no intention of abandoning his socialist ideals but the changes appear designed to restore investor confidence and prevent the radicals from forcing too fast a socialist pace.

Despite the apparent swing toward moderation, Nyerere's fixation with "imperialists" and his militant support for southern Africa's nationalists would seem to preclude any significant improvement in Tanzania's relations with the West. The government press remains virulently anti-American and those leaders who favor closer relations with Communist China are now in firm control.  25X1

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## WESTERN HEMISPHERE

The Latin American Solidarity Organization (LASO) meeting in Havana this week has given Fidel Castro a forum to call for the creation of "many Vietnams" in the Western Hemisphere. Speaking at the opening ceremonies on 31 July, Cuban President Dorticos lashed out at "Yankee imperialism" and stressed that armed struggle is the only way to achieve true liberation. Dorticos implied that this doctrine of revolutionary violence is primarily a reaction to "imperialism's repressive measures" in Latin America, a line apparently accepted by the pro-Moscow Communists at the conference. Revolutionary slogans and anti-US tirades can be expected to continue for the balance of the conference, which probably will culminate in a fiery closing speech by Castro on 8 August.

Venezuela's interest in pressing the Organization of American States to meet soon and take up its complaint against Cuba took a back seat last week because of the devastating earthquake that rocked Venezuela and Colombia on 29 July. The OAS is still trying to find an acceptable date for the meeting, with most governments now apparently favoring late September.

In Peru, a dispute between the ruling and opposition coalitions over the leadership of the Senate plunged the country into a serious constitutional crisis. President Belaunde, however, is quietly seeking a negotiated compromise and the military, while it is following the dispute with interest, is following a hands-off policy. Bolivia's hapless military forces reportedly suffered more casualties this week in new encounters with the guerrillas and, as the week closed, Brazil faced the possibility of new student disorders protesting the government's determination to keep an illegal extremist-led national student organization from meeting in Sao Paulo.

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### CUBA IMPROVES ITS DEFENSIVE MILITARY CAPABILITY

The defensive capability of the Cuban armed forces has been improved by new equipment delivered by the USSR over the past 11 months.

Since last September, Cuba has received 19 major military aid shipments, and at least one more is en route. Although these deliveries appear intended primarily to replace materiel worn out or expended in training, some of the equipment is more modern and sophisticated than that being replaced. For example, the Cubans have received at least 23 MIG-21FL jet fighters, the Soviets' standard export model with a limited all-weather capability. These are replacements for an estimated 30 to 40 earlier model MIGs.

The newer SA-3 surface-to-air missile system, designed primarily for protection against low-flying aircraft, may be introduced shortly. The SA-3 would complement the SA-2 system which has been established throughout Cuba since 1962. While no SA-3 missiles or related equipment have yet been seen in Cuba, aerial photography [redacted] showed what appeared to be an SA-3 site under construction in a Havana suburb, less than three miles from air

defense headquarters. If the system is indeed to be deployed in Cuba, it will be the first time outside the USSR.

The Cuban Navy's force of 12 Komar guided-missile patrol boats, Cuba's most potent weapons afloat, has been increased to 18. In addition, four SO-1-class submarine chasers have arrived in the last six months, bringing the total of this class to ten. These acquisitions considerably enhance the navy's ability to defend coastal waters and prevent illegal emigration.

The Cuban ground forces apparently have received only one new type of equipment, the BMD-20. This 200-mm., truck-mounted rocket launcher was first displayed in the Soviet Union in 1954. An estimated 25 to 30 have arrived in Cuba since December.

The Castro regime is continuing extensive construction of underground shelters for personnel and equipment. [redacted]

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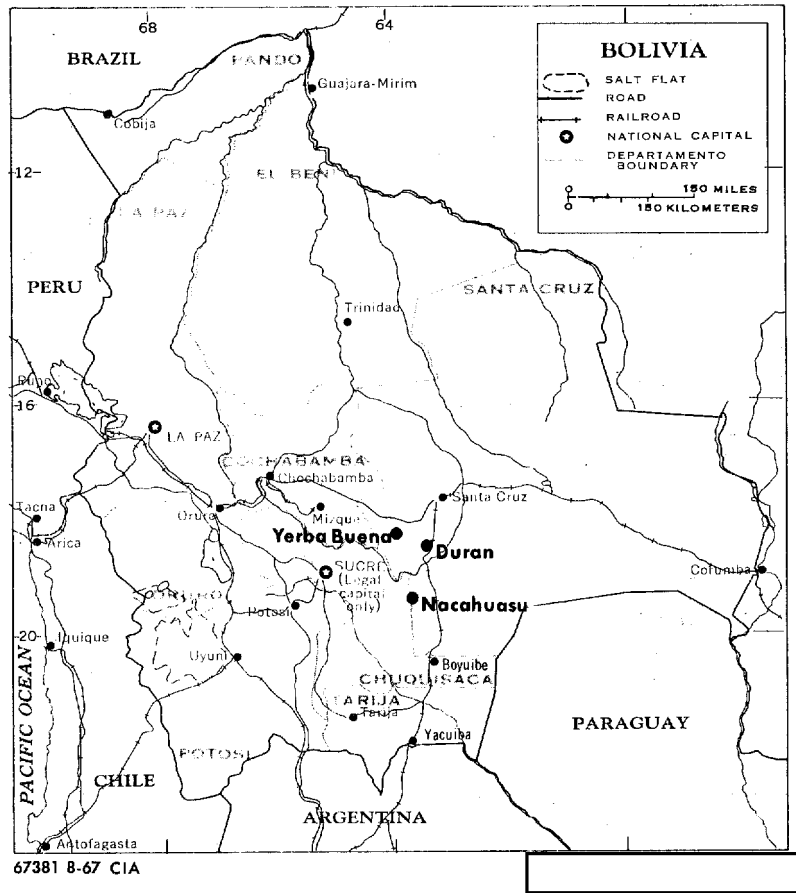
### BOLIVIAN GUERRILLA ACTIVITY

Recurrent guerrilla successes against poorly trained and equipped Bolivian Army units again point up the army's continuing inability to cope with an insurgency that has become increasingly troublesome since it broke out last March.

Encounters with small guerrilla groups have been more frequent since 19 July, the end of a brief lull in activity. An

army patrol, in a sweep operation in the guerrilla zone around Nacahuasu, engaged a small band of insurgents on 21 and 23 July. No army casualties were reported, but the Bolivians claim that two guerrillas were captured and three killed.

On 23 July at Yerba Buena, north of the guerrilla zone, another band reportedly stormed a small army garrison at a farm, seizing arms and food supplies.



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According to Bolivian press reports, the guerrillas met with little resistance and easily evaded army support units which arrived later on the scene.

Moving southward, the band engaged army units in sporadic clashes from 27 to 31 July in the rugged Duran area--about 54 miles north of Nacahuasu. Government forces are said to have suffered some dead and wounded without inflicting any confirmed guerrilla casualties.

The army's recurrent demonstrations of its inability to cope with the guerrillas--who seem able to roam at will through the area--and increasing evidence that local garrisons lack aggressiveness will further weaken the Barrientos government in the long run. The present situation has spurred contingency planning by the governments of neighboring Paraguay and Argentina to take action if the situation deteriorates.

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### PERU'S UNRESOLVED CONSTITUTIONAL CRISIS

Peru's most serious constitutional crisis in recent years remains unresolved, with President Belaunde and Congress both seeking strong bargaining positions.

On 28 July the opposition-controlled Senate, allegedly using fraudulent tactics, voided the election of the government's candidate as presiding officer of the Senate. The government senators, incensed at this tactic

boycotted further meetings--thereby preventing any activity by either house of Congress. Each side now is accusing the other of violating the constitution.

An opposition party spokesman met with Belaunde on 29 July to discuss the impasse. Although

no agreement was reached, both appeared eager for a compromise.

Belaunde's relations with Congress, never warm, have been deteriorating steadily for months. Recent actions of Congress have challenged his government's handling of several important issues.

Belaunde is under considerable pressure from hard-line elements within his own party to deal firmly with the opposition parties.

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# INVASION JITTERS HIT HAITI

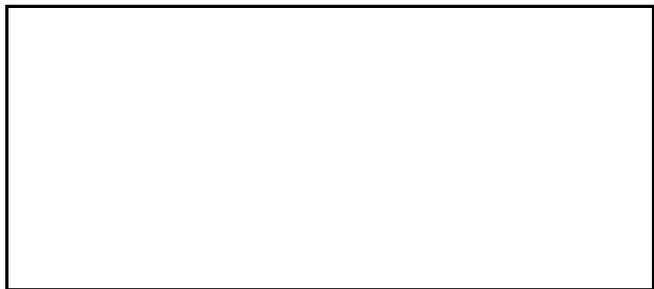
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Haitian President Duvalier established a nationwide curfew on 29 July following reports of an imminent invasion of the north.

Duvalier's action was initiated in response to "invasion" reports reaching him from his representatives in Washington and Miami. He acted characteristically in tightening security controls while investigating activities which had aroused his suspicions.



The US ambassador reports that Port-au-Prince is calm even though rumors of an invasion have been heightened by the curfew. Anti-Duvalier exiles are considered to have little capability for mounting a serious invasion attempt at this time. 



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