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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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(Information as of noon EST, 28 December 1967)

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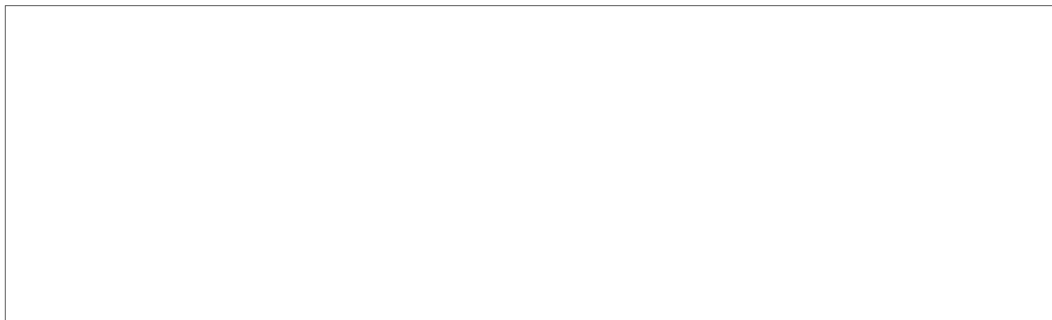
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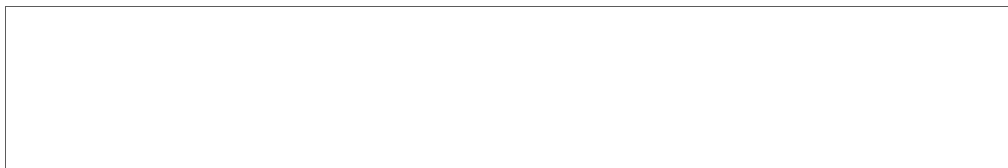
The 24-hour Christmas truce declared by the allies in Vietnam was marked by some 118 Communist violations, most of which were small-scale guerilla attacks or reactions to allied patrol activity.

On the political front, Hanoi and the National Liberation Front have refrained so far from commenting on President Johnson's remarks concerning informal South Vietnamese contacts with Front representatives. This silence suggests Hanoi hopes US encouragement of such contacts will strengthen the Front's claim to a major role in any future negotiations and also cause frictions in US - South Vietnamese relations. Some Saigon newspapers have criticized what they interpret as a dangerous shift in US policy toward the Front.

In South Vietnamese politics, President Thieu's failure to provide strong leadership is drawing growing criticism from influential circles. Vice President Ky's withdrawal from active participation in the government has prompted speculation that he is biding his time until an opportunity appears to assert a more prominent role.

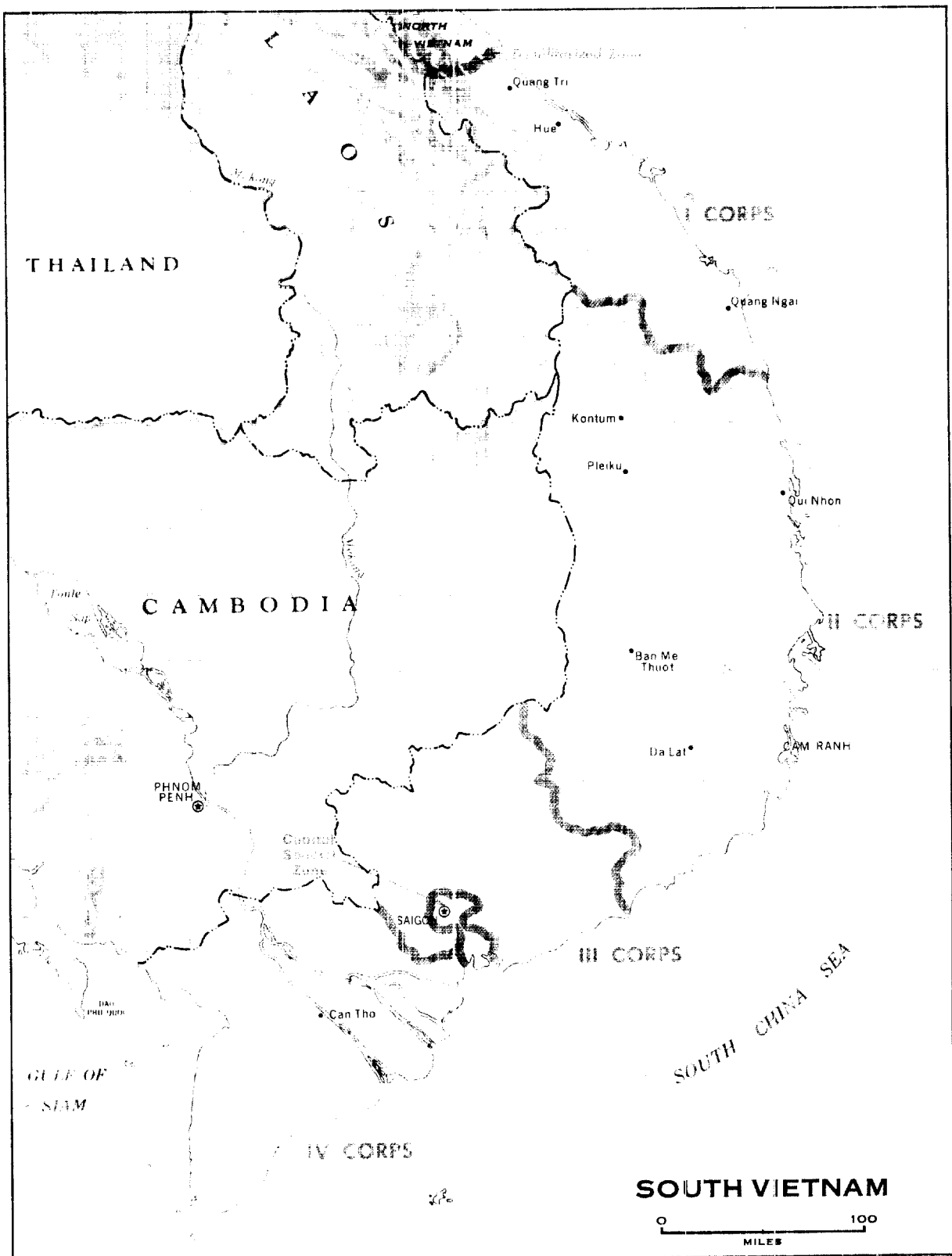
Tensions between South Vietnam and Cambodia have been aggravated by Saigon's statements reserving the right of "hot pursuit" of Communist forces into Cambodian territory. Sihanouk's defiant rejection of the US note of 4 December made clear his unwillingness to cooperate in dealing with this "sanctuary" problem. He again denied that Vietnamese Communists are using Cambodian territory and threatened to call for foreign Communist "volunteers" if allied forces cross his frontier.

Violence in China has spread to almost every province. The army's failure to take firm repressive action suggests it is under instruction to avoid taking sides. There was further evidence that Mao himself as well as his militant colleagues are behind this policy of restraining the army and encouraging unruly "revolutionaries."



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VIETNAM

The allied 24-hour Christmas truce period in South Vietnam was marred by a greater number of incidents than the number averaged during the 48-hour Christmas and New Year standdowns last year. In addition, the Communists again attempted to use the respite to mount extensive resupply efforts in both South Vietnam and southern North Vietnam.

The Communists initiated 118 incidents during the one-day pause, with the majority occurring in South Vietnam's I and III corps. Most of the violations consisted of harassing fire against allied field positions, outposts, and base camps, or of enemy reactions to the intensified allied ground and air reconnaissance patrols. No large-scale enemy attacks occurred, however, suggesting that Communist main force units were generally content to abide by the cease-fire while repositioning, reinforcing, or resupplying major combat elements, particularly in northern South Vietnam.

As in previous truce periods, the Communists went to great lengths to move both men and material. Pilot reports and photography revealed large southbound enemy convoys moving throughout the southern half of North Vietnam on 25-26 December.

Truck traffic on the infiltration corridors of the Laotian

panhandle from 23 to 25 December continued at a level consistent with past dry seasons. No significant sea infiltration was noted this year, possibly because of the shortened time frame of the truce period.

Allied forces will observe another 24-hour cease-fire on New Year's Day, as well as a 48-hour respite in late January for Tet, the Vietnamese Lunar New Year. Similar enemy efforts are expected on these holidays.

Political Developments
In South Vietnam

The Thieu government's lack of political dynamism is continuing to generate dissatisfaction among influential circles in Saigon. A growing portion of this criticism has centered on President Thieu's failure to provide leadership and direction to the new government, with some critics speculating that the void created by Thieu's inactivity will eventually be filled by Vice President Ky.

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Prime Minister Nguyen Van Loc has also come under increasing criticism. His critics claim that he lacks the initiative and political instincts required for the post, and that his cabinet is generally devoid of persons of experience who possess the necessary vision to deal with national problems.

In the National Assembly, the Upper House this week elected Nguyen Van Huyen, head of a pre-dominately Catholic slate, as its chairman. Huyen, once mentioned by Thieu as his choice for the post, defeated an early favorite, Tran Van Don. Huyen will be assisted by two elected vice chairmen, one of whom also heads a Catholic slate.

Having completed the election of its officers, the Upper House can now be expected to turn to legislative matters. The first areas of legislative interest will probably deal with the drafting of laws governing political parties and the press. Senator Nguyen Van Ngai reportedly has already prepared a draft of a political parties law designed to facilitate the development of a viable two-party system.

The trial of the 26 people involved in the Buddhist "struggle" movement of 1965 has ended with only four convictions, and the military court handed down remarkably lenient sentences. Doctor Nguyen Van Man, former mayor of Da Nang, and three military officers each received prison terms of ten years after

being found guilty of rebellion. The light sentences imposed on the principal defendants should tend to defuse the antitrial sentiment that had been generated in the National Assembly and in the press as well as among the militant Buddhists.

Liberation Front Position Enhanced

The Liberation Front's permanent delegations in Communist China and East Germany have recently been upgraded to the status of diplomatic missions in what appears to be a further effort to improve the international standing of the Front. Cuba, Cambodia, and North Korea have granted this status to Front delegations for some time. The important Front posts in Prague and Moscow, although granted certain diplomatic privileges, continue to be accredited to unofficial national front organizations rather than to the governments.

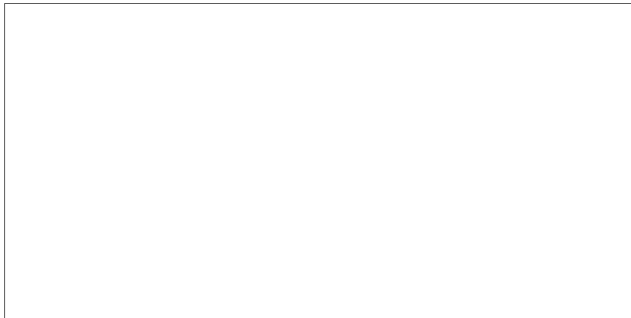
This improvement in diplomatic status ties in with other recent efforts by the Front to enhance its international position without actually declaring itself a government. These efforts abroad include the publicity given the Front's new political program and the attempt to get maximum exposure for that document by having it circulated to United Nations members. There is no evidence, however, that the Front intends to proclaim itself a formal government in the near future.

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VIOLENCE SPREADING AGAIN IN COMMUNIST CHINA

During the past month, violent disturbances have occurred in nearly every province of China, often disrupting transportation. In some areas the fighting appears to be as savage as last summer, although the scale of violence is still generally smaller.



As in previous disorderly periods, the army has failed to take firm action anywhere. It appears to be under instructions not to take sides or to intervene unless localized violence threatens to spread. Many units are on alert, however. In Canton, the army is building pillboxes at important road junctions.

Mao Tse-tung himself appears to support the policy of restraining the army. Statements attributed to Mao indicate he remains more deeply committed than ever to the Cultural Revolution,

and takes a more tolerant view of disorders than some other leaders. Red Guard newspapers circulated in mid-November quote Mao as saying that disorder can be a "good thing" if it exposes his enemies.

A speech by Mao's wife, widely circulated in Red Guard media during November, was even more inflammatory. She warned that some places were like a "pool of stagnant water" that needed to be stirred up. She said that "crafty" and deceitful "enemies" have concealed themselves in many organizations, and exhorted her Red Guard audience to "be disorderly" in such groups in order to "disturb the enemy."

Such warnings and exhortations have greatly hampered recent attempts to set up new local governments inasmuch as they tend to encourage already hostile factions to engage in disputes over who should exercise authority.

Red Guard groups have also resumed attacks on officials who have held positions of authority throughout the Cultural Revolution. Recent poster reports and newspapers put out by militant

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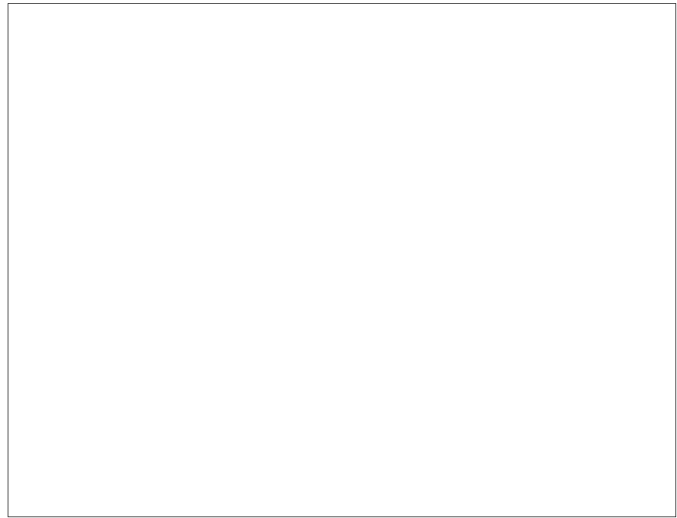
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Red Guard groups contain denunciations of the two leaders of the Heilungkiang Revolutionary Committee, the commanders of the Foochow and Singkiang military regions, and the ranking officer in Tibet. All came in for harsh criticism last summer, but the campaign against them abated in September and People's Daily in October found occasions to indicate that they were still in good standing.

This list of officials openly opposed by Red Guards is presumably far from complete. As a result of tightened regime restrictions, Red Guard materials, particularly those reflecting a militant point of view, are cur-

rently available for only a few localities, and then only infrequently.



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CHINESE FOREIGN TRADE FALLING OFF

Communist China's failure to announce any major trade deals at the conclusion of the Canton Trade Fair on 15 December reflects the general decline in China's foreign trade.

Although large numbers of Japanese and Western traders attended the fair, they apparently were able to arrange only routine sales. China's total foreign trade, especially exports, will show some decline during the last half of this year, and trade for the entire year may be as much as ten percent below the 1966 level.

Primarily because of Cultural Revolution disorders, China has been unable to maintain sufficient deliveries to its major Western trading partners to offset mounting imports of machinery and equipment covered by earlier contracts. Peking apparently has had to dig into its relatively scarce foreign exchange reserves

to finance trade this year, and imports from China's major trading partners probably will be cut back next year.

[redacted] Sino-Soviet trade also will decline further this year as reflected in the late signing of the annual trade agreement in July.

China's need for Western grain, however, apparently remains substantial. Peking concluded a contract with Canada this month for two million tons of wheat for delivery next year. In addition to this contract, negotiations for 1968 are also under way with France, and probably will soon begin with Australia. Although China's wheat imports have averaged over five million tons annually since 1961, Peking bought only 4.5 million tons during 1967.

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COMMUNISTS STEP UP FIGHTING IN LAOS

Communist forces are continuing their pressure against government positions in widespread areas of Laos.

An enemy unit, estimated at battalion strength, raided the government base and airstrip at Muong Phalane on 25 December, destroying most of the camp's

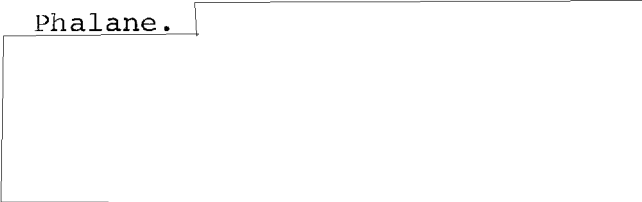
facilities including the USAID and Air America buildings. Preliminary reports indicate that government forces have reoccupied the area.

The destruction of the US facilities suggests that the attack was specifically aimed against the US presence at Muong

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Phalane.



The attack on Muong Phalane is the first significant enemy action in this part of the panhandle in over a year. It may be related to recent attacks farther south in the Bolovens Plateau area, where heavy fight-

ing is continuing. These operations appear to be part of a new Communist campaign to forestall stepped-up allied efforts to interdict the infiltration corridor.

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In northern Laos, the Communists have resumed their harassment of the government position in the Nam Bac area. The airstrip there has been closed since 24 December, when it came under mortar fire. Continuing reports of a Communist build-up in the vicinity suggest that more ground assaults against Nam Bac's outlying defenses may be in the offing. Government units are being repositioned to reduce their vulnerability and to cut the enemy's supply lines into the area.

Although the Communists appear to be putting a little more bite into their dry season offensive this year, there is no evidence that they intend to mount a concerted drive into government-held territory. The Communist effort against Nam Bac in the north and the Bolovens positions in the south appear designed to restore the status quo. Until last year, both areas had long been under Pathet Lao control.

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EUROPE

Last week's meeting of Communist foreign ministers in Warsaw ended with a statement of support for the Arabs, but, in order to achieve the desired consensus, it recognized Israel's right to exist as a state, avoided labeling Israel as the aggressor and contained no new promises of aid to the Arabs. The Soviets probably hope the communiqué will discourage Arab extremists and will add weight to the advice for moderation that Brezhnev is expected to convey to Cairo during his visit scheduled early next month.

The poor showing of Soviet-backed republican forces against the royalists in Yemen apparently has led Moscow to press the republicans to seek a negotiated settlement under the auspices of the commission set up at the Arab Summit Conference last August.

There are signs that Rumania's economic difficulties with its Communist allies may be getting fairly serious. Moscow apparently has broken a contract to buy oil-drilling equipment, and the Czechs recently canceled a large order for railroad cars to be delivered by Rumania. Bucharest's disagreement with Moscow on various important international issues probably lies behind these actions.

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USSR PUSHES FOR MIDEAST CONSENSUS AT WARSAW MEETING

Last week's meeting of Soviet and Eastern European foreign ministers in Warsaw was the fourth Communist assembly focusing on the Middle East since the June war. The meeting was called on short notice and at the behest of the Soviets, for whom these displays of superficial unity are useful. As with the earlier meetings, the Soviets were seeking to obtain a consensus on Middle East policy which could be used to influence forthcoming inter-Arab consultations.

Previous meetings coincided with Arab conferences in July and September. The meeting last week precedes the Arab summit at Rabat by three weeks. The first Communist meeting was in Moscow in June, and Soviet bloc statements on the Middle East since then have been reshaped and diluted for the sake of unanimity. At that time, the European Communists--with the exception of Rumania--warned that if Israel did not withdraw, the signatories would do "everything necessary to help the Arabs rebuff the aggressor."

The Budapest meeting in July watered down that threat, and the one in Belgrade concerned itself only with economic assistance, the communiqué merely indicating the representatives "exchanged opinions" regarding stepped-up aid measures. The latest meeting, however, made no mention of economic aid discussed earlier suggesting the failure of Soviet efforts to establish a program of joint assistance.

Poland reportedly agreed to hold the conference at the request of the USSR and, according to several Polish journalists, the final decision was not made until Rumanian party chief Ceausescu agreed to send a representative. Rumania is the only European Communist country that retained diplomatic relations with Israel after the June war. On the day of the start of the Warsaw meeting, Rumania signed a trade protocol with Tel Aviv calling for the establishment of joint industrial projects. Previously, Rumania had dissociated itself from the Moscow conference's communiqué and had failed to attend the meeting in Budapest. The Warsaw communiqué's omission of any reference to Israel as the "aggressor" may have been a Soviet concession to gain Bucharest's support.

All of the Warsaw conferees appear concerned that renewed Syrian and Algerian intemperance could undercut Nasir's attempts to obtain a unified Arab position. Thus, the communiqué made special mention of Egypt's constructive approach, and also referred to Israel's "right to exist." The communiqué's endorsement of a political solution within the framework of the UK resolution should be particularly useful to party chief Brezhnev during his trip to Cairo in early January.

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CZECH PARTY WILL MEET AGAIN TO DISCUSS INTERNAL CRISIS

The crisis within the Czechoslovak leadership will be considered again by the party central committee when it reconvenes in a plenary session on 3 January.

The party began a critical review of its problems at a central committee meeting held from 19 to 21 December. That session passed two resolutions--one approving an international Communist consultative conference, the other relating to the economy. It did not, however, announce changes that might resolve the confusion and lack of cohesion at top party levels.

The economic resolution reveals no new policy changes and appears to be a something-for-all compromise typical of the responses that the regime has made before to resolve the conflicting pressures of its liberals and conservatives. The tone of the resolution suggests that a majority of central committee members are "liberal" on the issue of the economic reform. It calls for the party's support of "progressive, creative, and initiative-minded people" to fight against "obsolete, conservative views" that are stagnating the program.

The reform-minded Slovaks were able to gain approval of measures to accelerate economic growth in their part of the country. This probably resulted from increasing pressure on the Novotny regime by Slovak leaders, who oppose Prague's direction of the Slovak economy and who have recently played a prominent role in the attack on the Prague regime's ineffectiveness.

Published accounts of the central committee meeting in December have not alluded to personnel or policy changes but it has been privately reported that the meeting decided to merge a number of key industrial ministries into one ministry. This move will presumably eliminate the top-heavy structure that has complicated the relationship between the ministries and the industrial sector. It also implies numerous shifts of government personnel.

Other personnel and organizational shifts, involving the top echelons of the party, may come to light at the plenum in January.

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SIZABLE SOVIET FLEET REMAINS IN MEDITERRANEAN

The Soviets are keeping a naval force of about 20 warships in the Mediterranean this winter. Although only about half the all-time high of 39 reached last summer, the force is considerably larger than that deployed in the winter months of previous years when only a few Russian ships were in the area.

Moscow appears to be using the squadron to evaluate the advantages and problems of a distant deployment of a mixed force of surface ships and submarines. The warships are intended to dilute the threat of the US Sixth Fleet and to provide a visible demonstration of support to friendly Arab regimes. The cruise missiles on both submarines and surface ships provide the smaller Soviet squadron with a formidable weapon against the more powerful NATO naval forces.

In recent months, the Soviet Mediterranean squadron has consisted of about 13 surface combatants and between three and eight submarines. The flagship is usually a cruiser; a Kynda-class cruiser armed with both surface-to-air missiles (SAM) and surface-to-surface missiles (SSM) recently arrived to assume command. This is the first ship armed with both types of missiles to

appear in these waters since the summer of 1966. Other major surface ships now there include a SAM-equipped destroyer and an SSM-equipped destroyer, two or three conventionally armed destroyers, three destroyer escorts, and a minesweeper.

Three landing ships--capable of transporting a Soviet naval infantry battalion with its heavy equipment--give the Soviets a ground force deployment capability in the Middle East. The three ships are operating off the Syrian coast and can reach Syrian and Egyptian ports within 12 hours.

Soviet long-range submarines from the Northern and Baltic fleets are operating in the Mediterranean independently of the USSR's surface forces. A large submarine tender is in the area to provide replenishment and minor repairs to Soviet submarines nearing the end of their deployment. During 1967, deployments of both nuclear-powered attack and cruise-missile submarines were increased.

The continuous deployment of over 20 naval ships in the Mediterranean has placed an operational strain on the traditionally shore-bound Soviet Navy. Most of the

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submarines and some of the major warships sent to the Mediterranean since May have been drawn from the Northern and Baltic fleets. In addition, sailors from these fleets have been transferred to ships of the Black Sea Fleet, which furnishes

most of the surface warships and auxiliaries for the Mediterranean squadron. Soviet merchant ships have been pressed into service to provide fuel oil and supplies to the naval ships.

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SOVIET UNION EXPANDING MERCHANT AND FISHING FLEETS

The USSR, already one of the world's leading maritime powers, is causing concern to Western shippers by a rapid expansion of its merchant fleet, although this is expected to offer only limited competition to Free World shipping through 1970. The growth of the Soviet fishing fleet, the world's largest and most modern, will probably lead, however, to further inroads in traditional fishing areas of Free World countries, including the US.

Despite sizable orders abroad since 1960 for new ships, the Soviet fleet still lacks large bulk carriers and specialized general cargo ships needed to compete with progressive Western bulk-cargo shippers. Draft limitations in Soviet seaports have limited the USSR's interest

in the very large tankers now being built for economic transport from the Persian Gulf to Japan and around Africa to Western Europe.

One of Moscow's major goals is to reduce foreign exchange outlays for ship charters. The USSR now carries slightly more than half its own trade, and by 1970 will carry about three fourths, the maximum for economic movement. The estimated Soviet share of world seaborne trade will then be only about five percent, however, thus offering minor competition to Free World shipping.

The closure of the Suez Canal caused some dislocations in Soviet shipping patterns but only a small part of Soviet

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trade--mostly exports--had been routed via Suez. Soviet petroleum shipments from the Mediterranean to Japan in the third quarter of this year have dropped sharply. The impact on Soviet aid shipments to Hanoi has not been great. The Soviets were pouring goods into Haiphong before June, and this--along with increased shipments from Vladivostok--has cushioned the effect of the reduction since.

The Soviet fishing fleet is scheduled to grow substantially by 1970. Orders have been placed in the West and in Communist countries for craft ranging from small trawlers to \$15-million, fully automated fish-processing and refrigeration ships.

The Soviet fishing fleet continues most active in the North Atlantic and North Pa-

cific. Last month, the US got Moscow to agree to limit its fishing in the Middle Atlantic over the next year. The Soviets, however, have reached agreements with a number of African countries--and are offering aid in Latin America and Asia--to establish fishing fleets, ports, and facilities, deals that also provide opportunities for expanded Soviet activity in nearby waters.

The total Soviet fish catch in 1967 probably will be over six million tons--80 percent from international waters--and the USSR has announced plans for an increase of at least 50 percent from ocean fleet operations by 1970. In an effort to overcome its deficiency in marketing procedures, Moscow is taking the further step of trying to buy into Western marketing firms. [redacted]

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SOVIET-US COLLABORATION BRINGS NEW SPACE ACCORD

Cooperation behind the scenes between the Soviet Union and the US was instrumental in bringing about UN approval last week of the agreement on rescue and return of astronauts. The new accord also establishes legal procedures for returning fallen space objects to the launching authority. It grew out of the treaty on exploration and use of outer space which was approved by the last UNGA and went into effect in October.

The Soviet press has softened public discussion of both space agreements in order to avoid calling attention to these joint US-Soviet undertakings. Moscow has demonstrated again, however, that potential discomfort from anti-Soviet propaganda is not enough to deter it from doing business with Washington on specific matters in which the Soviets have a strong interest. In this case, the cooperative spirit apparently was the product of Soviet plans for space flights in the near future.

The Russians gave no sign of being ready to negotiate in earnest on the assistance and return agreement until early this fall. Moscow's sudden interest in getting things moving came at about the same time it made demarches to several states--India, Iran, the Malagasy Republic, Pakistan, and the UK--asking their assistance, if needed, to recover a space vehicle in the Indian Ocean area. Bilateral

negotiations with the US subsequently went smoothly and at a relatively brisk pace.

Moscow acceded earlier this month to US proposals on the wording of the draft in order to hasten its completion and final negotiation. The Soviets also offered a compromise to fill in a missing article that would acknowledge the interests of regional organizations, thus helping to overcome objections raised by the European Space Research Organization. Remaining language difficulties were resolved and the concurrence of all parties obtained only as a result of intense, concerted US-Soviet efforts in the final days before the UNGA adjourned.

The collaboration with Washington in speeding up acceptance by the General Assembly once a draft of the new space agreement was completed has set a pattern the Soviets can be expected to follow when and if a nonproliferation treaty (NPT) gets to the UN after the assembly resumes its session in 1968. Developing a complete NPT draft at the Geneva disarmament conference, which is now in recess, is the major hurdle. If this can be surmounted, Moscow will probably bend every effort with the US to win quick UN approval of the treaty, to which the Soviets attach far higher priority than to either space agreement. [REDACTED]

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EUROPEAN COMMUNITIES ASSESS FRENCH VETO

In the aftermath of Paris' obstruction of negotiations between Britain and the Communities, both London and the Five are contemplating early bilateral and possibly collective meetings. Presumably, such talks will cover the possibilities of various forms of cooperation and joint action--especially in industry and technology. It is less likely that the British will attempt now to engage the Five in what the French have excluded for the Community as a whole, namely, a mutual examination of the problems and consequences of UK membership in the Communities.

The Five are not prepared to engage in retaliatory tactics against the French within the Community framework. Except possibly for the Dutch, they seem content--for the moment, at least--to make clear France's isolation in its stand against enlarging the Community. Opinions vary as to whether the British bid--which remains on the agenda of the Council of Ministers--can be taken up effectively during the next six months, during which the French occupy the Council chairmanship. The Dutch may raise the matter in the Council, but most of the activity will probably take place in diplomatic channels outside the Council.

Decision-making within the Communities may suffer even if the Dutch and others do not

maintain the "silent partner" tactic they employed immediately following the French veto. Each of the Five will probably look more closely at how policy decisions will affect its own interests, and especially closely at those policies that tend to favor French interests. These include financing the common agricultural policy, renewal of the convention associating African states, and association agreements with the Maghreb states. Although none of these is yet in a crucial stage of negotiation, preliminary work will be surrounded by much uncertainty.

Any slowdown in Community activity will conflict with the pressures for settling many "bread and butter" issues before the forthcoming elimination of internal tariffs on 1 July 1968, and France will probably try hard to foster agreements on matters coming up for Community decision. A major political issue, however, on which discussion--due early next year--would seem difficult in the present atmosphere is the merger of the three Community treaties.

The US Embassy in London views De Gaulle's negative position and the support for Britain by the Commission as enabling Britain to bid for leadership of the movement for European unity based on an integrated community. The embassy points out that less

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than a year ago most "Europeans" were still deeply suspicious of Britain's European vocation. Maintaining this posture of potential leadership from outside the Communities, however, will demand considerable ingenuity

and energy, especially since the Five will not want to create an open split with France as long as reasonable prospects remain for some immediate progress within the Community. [redacted]
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MIDDLE EAST - AFRICA

Attempted adjustments in the aftermath of coups and countercoups dominated the area this week, but uncertain power relationships cloud the political atmosphere.

Emissaries shuttling between the junta in Greece and King Constantine in Rome are optimistic about the King's early return, but no date has been determined. The King's political position under the junta's proposed constitution is unclear but will be "clarified," according to a government announcement. Greece's pre-Christmas amnesty omitted some 2,000 detainees in island prisons, but included the most prominent and enigmatic of the junta's prisoners, Andreas Papandreou.

The long-term outlook for stability remains bleak in Dahomey following the military coup two weeks ago--the third since 1963. Short-term prospects, however, were boosted by last week's appointment, apparently at French urging, of Lt. Colonel Alley as head of state. Alley will have problems simply holding the army together, and continued government-by-drift is expected. Crucial French aid payments still have not been reinstated.

The Algerian regime is still trying to round up the principals of the mid-December coup attempt. Meanwhile, it has begun a campaign--using the country's only political party--to drum up popular backing among the apathetic Algerians for Colonel Boumediene's government.

In India, anti-Hindi language demonstrations have spread from Madras to neighboring Andhra Pradesh, and some pro-Hindi agitation has resumed in the north.

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MILITANT POLICIES CAUSING TROUBLE FOR SYRIAN REGIME

The militant Baathist regime in Damascus is becoming isolated from the rest of the Arab world and its power base at home is narrowing, leading to the possibility of a coup attempt.

The radical Baathist faction that took power in a bloody coup in February 1966 has tried to eradicate all opposition forces. It has failed to attract popular support, however, and the ascendancy of the minority Alawite religious sect in the government has antagonized elements within the army itself.

Moreover, the Soviet Union, long the supporter of Syria's economic and military establishment, is disenchanted with the regime's continuing bellicosity toward Israel and the West. Last September, the Soviet ambassador in Damascus reportedly chastised Premier Zuayyin for Syria's support of terrorist raiding parties into Israel, warning that such actions might invite a second round with the Israeli Army. Nevertheless, the raids have continued.

The regime has also proclaimed the establishment of a "Popular Army" and a "Committee for the Defense of the Homeland and Protection of the Revolution," whose vice chairman is a well-known former Syrian leader with Communist ties. The "Popular Army" has been assigned

the task of "reclaiming the homeland" of Palestine, and includes militant workers' squads as well as the Baathist-sponsored National Guard.

There are few signs that the Syrians will moderate their position. Syria participated reluctantly in the Arab foreign ministers' conference in Cairo in early December and has not yet indicated whether it will send a delegation to the Arab summit conference now scheduled for mid-January.

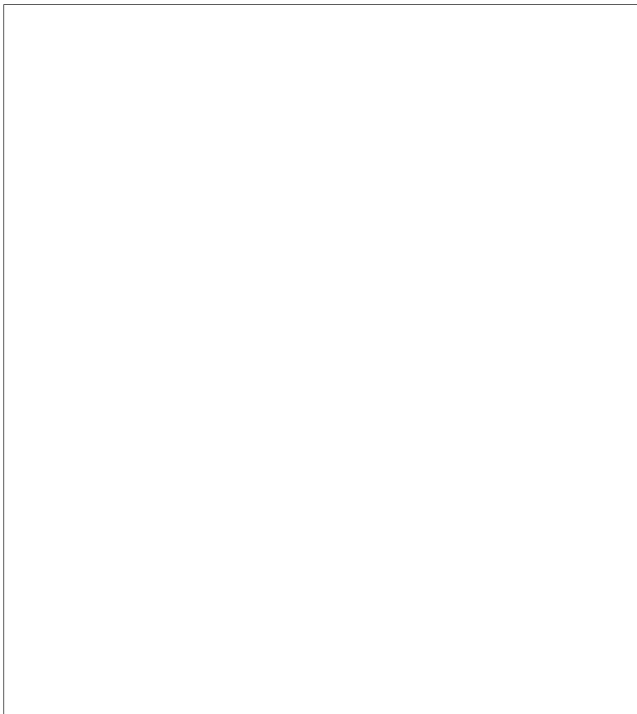
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SUDANESE GOVERNMENT CONFRONTS OPPOSITION

A showdown in Khartoum between the Mahjoub government and opposition leader Sadiq al-Mahdi may be imminent as a result of last week's controversy over granting "extra-territorial" facilities to the Egyptians at the Wadi Saidna military airfield near Khartoum. Should a showdown occur, Sadiq seems to have little chance of garnering sufficient votes in the present assembly to form a new government.



If Sadiq provokes a confrontation, it is likely to weaken the already divided Umma Party. Sadiq is the president of the Umma, the

political wing of the powerful Ansar politico-religious brotherhood, but his uncle, the Imam al-Hadi al-Mahdi, is spiritual leader of the sect and supports Mahjoub with a rival branch of the party.

Moreover, a confrontation between Sadiq and Mahjoub would strengthen the political prospects of the new Democratic Unionist Party (DUP) which earlier this month reunited two groups that had split in 1956 over the question of whether to seek merger with Egypt rather than independence. If it came to power, the DUP would probably be strongly susceptible to radical pressures from Nasir's government in Cairo and continue the anti-Western orientation of the present Mahjoub government.

In foreign affairs, recent discussions concerning military assistance from the Soviet Union for the Sudanese armed forces apparently have not yet resulted in firm decisions on either side. The Sudanese Army, trained and equipped by the West, reportedly is reluctant to accept major equipment from the Soviets. They may be forced to accept Soviet assistance, however, because of the present lack of other sources of supply.



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POLITICAL TENSIONS HIGH IN MALI

Political conditions in Mali have taken on a harsh, convulsive quality since a shake-up within the country's single party last August. Leftist militants strengthened their position within the party, and they now appear to be threatening President Modibo Keita's authority and freedom of action.

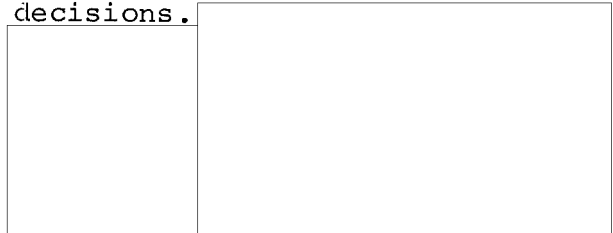
The militants dominate the National Committee for the Defense of the Revolution (CNDR)--the new supreme arbiter of power in the ruling political party. They have used the CNDR to support the efforts of youth and labor groups and of the civilian militia to purge, usually on charges of corruption, more moderate elements whose loyalty to the regime's proclaimed "socialist option" is suspect. In late November, the CNDR member in charge of party youth announced that some 160 government officials, including a few prominent ones, would either be fired or censured for illegal business activities. As the purge has gathered momentum, Keita, who previously had maintained a reasonable balance between moderate and extremist elements, seems increasingly forced to identify with the militants in order to preserve his own position of leadership.

This shift to the left within the Bamako regime may threaten Keita's accords of February 1967 with France

that provided for Mali's gradual return to the French economic fold--a move long urged by leading party moderates. So far, however, the principal Malian officials responsible for the accords have not been removed and Keita continues to insist that Mali will adhere to the arrangement. Last week, two new agreements were signed in Paris which will speed up the timetable for implementation of the accords even though Bamako has failed to carry out some promised economic reforms.

Meanwhile, party militants apparently are meeting increased resistance from entrenched local politicians in Mali's upcountry areas. In some cases, the CNDR has dissolved local revolutionary committees, presumably in order to reconstitute them with more ideologically reliable members. Upcountry malaise seems widespread, and at least two anti-government riots have occurred recently, one requiring the dispatch of military units.

The unsettling developments of recent months are bringing government activities to a standstill, with civil servants increasingly reluctant to make decisions.



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WESTERN HEMISPHERE

The holiday period was in general politically quiet throughout most of Latin America.

Venezuela's annual Christmas amnesty was extended to almost 500 political prisoners, including a number of guerrilla leaders. The government apparently decided that any resulting increase in terrorism would be overbalanced by the political advantage it would realize in next year's election campaign.

Honduras and El Salvador exchanged a few of the less-controversial prisoners held as a consequence of last May's border skirmish, but major issues remain unsettled.

National elections next May are the subject of continued tense maneuvering in Panama, where President Robles is again trying to find a ticket that can stop Arnulfo Arias' bandwagon. He faces a 13 January deadline for registration of the candidates.

In the Dominican Republic, inflammatory broadcasts by opposition party leaders and renewed political maneuvering by the rightist followers of the exiled General Wessin are further straining the political atmosphere. President Balaguer is reportedly considering shifting some high-level military figures in an effort to keep on top of the situation. Such changes, however, would probably add to latent unrest among some military elements.



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ARGENTINE-CHILEAN RELATIONS STRAINED BY CHANNEL DISPUTE

A recent series of incidents in the Beagle Channel south of Tierra del Fuego has increased tension between Argentina and Chile. For more than 50 years the two countries have been involved in a dispute over navigation rights in the channel.

The current trouble began last August with a dispute between Chilean and Argentine pilots over who should take ships through the channel; it continued when Argentine fishing boats, supported by naval vessels, blocked the entrance to the Chilean naval base at Puerto Williams. The atmosphere became even more tense in late November when a Chilean patrol boat twice approached the Argentine naval base at Ushuaia during firing exercises. The Argentines fired at the Chilean craft, making it clear that they would sink it if it attempted further provocations. Both governments denied any offensive intent in the incidents, but a series of diplomatic notes failed to cool tempers on either side.

In early December, Chile announced that it had asked the United Kingdom to arbitrate the

dispute under a 1902 treaty. Irked by this unilateral move, Argentine President Onganía rejected UK participation, preferring instead to continue the bilateral talks that have been carried on sporadically for some time.

The dispute over the channel waters and three strategically unimportant nearby islands has given both navies an excuse to seek higher budgets and new equipment. The Argentines reportedly believe that the Chilean Navy is trying to embarrass President Frei and possibly to establish grounds for military intervention in the government. The Chileans say they fear that Argentina will occupy the islands and attempt to solve the controversy by force.

Because of the emotional nature of the dispute, it seems unlikely that a definitive solution will be reached in the near future. Although Presidents Onganía and Frei seem anxious to reach at least a temporary solution, both are under military pressure to defend national "sovereignty." [redacted]

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CHILEAN LEFTIST APPARENTLY WINS SENATORIAL BY-ELECTION

Alberto Baltra, president of the Soviet-Chilean Cultural Institute, is the apparent winner of the senatorial by-election held on 17 December.

The provincial electoral colleges declared Baltra the winner

over the Christian Democratic candidate by 23 votes out of a total of more than 150,000. The electoral qualifications court, which meets next month, will make the final decision, however, and the government is expected to use its

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influence in trying to overturn the preliminary result.

Baltra, a member of the Radical Party, was minister of economy from 1947 to 1950. Since then, he has not been politically active, although he reportedly considered running for the presidency in 1964. He has visited the Soviet Union as well as several East European countries, and his position as head of the Soviet-Chilean Cultural Institute has put him in touch with most Soviet visitors to Chile.

Baltra's strong performance in the senatorial by-election strengthens his chances for the presidential nomination in 1970. The Communist Party of Chile (PCCh) played an important part in his campaign, and the Communists and Radicals seem likely to continue their cooperation. The PCCh reportedly hopes to form a broad front behind a strong leftist candidate such as Baltra or pro-Castro Socialist Salvador Allende.

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CUBA TO HOLD "ANTI-IMPERIALIST" CONFERENCE

Cuba will hold an International Cultural Congress in Havana from 4 to 11 January. The announced purpose of the gathering is to discuss the problems of the underdeveloped world and to publicize the accomplishments of the Cuban Government. It will also provide Castro with an opportunity to extend Cuban influence in world-wide "anti-imperialist" circles.

Several hundred intellectuals from throughout the world, including Jean-Paul Sartre and Simone de Beauvoir, will attend. A number of "new left" personalities and journalists from the US are also expected.

Cuba's espionage and subversion agency, the General Directorate of Intelligence is probably deeply involved in the planning because

the conference will provide ideal cover for bringing small numbers of Latin American students to Cuba for political indoctrination or guerrilla warfare training.

The Cubans hope the congress will launch a "cultural crusade" against "imperialist" influence. Advance propaganda has hammered on the theme that Cuba believes it has an enormous responsibility toward developing an anti-imperialist awareness among African, Asian, and Latin American countries. The assembly is expected to conclude that as long as the countries of Africa, Asia, and Latin America retain political and economic ties with the "imperialist countries," they will not be able to develop a truly indigenous national culture.

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