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DIRECTORATE OF INTELLIGENCE

WEEKLY SUMMARY

State Department review completed

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23 June 1972 No. 0375/72

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Approved For Release 2007/10/23: CIA-RDP79-00927A009600050001-2 WEEKLY SUMMARY, issued every Friday **CONTENTS** (23 June 1972) nor ning by the Office of Current Intelligence, reports and analyzes significant developments of the week brough noon on Thursday. It frequently includes marerial coordinated with or prepared by the Office et Economic Research, the Office of Strategic Re-Hanoi Worries About Its Allies on the Directorate of Science and Technol-Topics requiring more comprehensive treatment India-Pakistan: Nearing the Summit 25X6 and therefore published separately as Special Reports UK I rance: At Odds on Europe are isted in the contents pages. **FAR EAST** Indochina WARNING 11 Burma: The Insurgents Again 12 China Expands Shipping 12 Philippines: Green Revolution The WEEKLY SUMMARY contains classified infor mation affecting the national security of the United FUROPE States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmis-25X6 sion or tevelation of its contents to or receipt by an UN Environmental Conference una ithorized person is prohibited by law. 16 Finland: Party Politics 16 Castro to Moscow MIDDLE CAST ALRICA 25X1 17 figypt: Haykal 18 Israel-Lebanon: Another Round 18 International Oil Developments 19 Congo: Factional Discord 20 OAU: At the Summit WESTERN HEMISPHERI 21 Chile: Reorganization and Reduce tons 22 Argentina: Political Ins and Outs Costa Rica: Labor Dispute 25X1 Cuba: More Sour Than Sweet SPE CrAt REPORT (Published separately) China and International Narcotics Control

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HANOI WORRIES ABOUT ITS ALLIES

President Podgorny's three-day visit to North Vietnam ended on 18 June amid indications that differences persist between Moscow and Hanoi. The talks were characterized in an unofficial joint statement as having taken place in an "atmosphere of frankness," whereas during Podgorny's visit last October the two sides reportedly reached a "unanimity of views" on all questions discussed.

The Soviets, according to the joint statement, promised continuing aid and support for Hanoi and joined the Vietnamese in condemning "aggressive US actions in Indochina," specifying the bombardment and mining of North Vietnam's ports. Both the promise and the condemnation, however, were couched in restrained language and did not go beyond previous Soviet treatment of these points.

Prior to the visit, Soviet spokesmen in several capitals had spread the word that Podgorny would ask the Vietnamese to accept a cease-fire. Although the talks doubtless focused on outstanding diplomatic questions, the joint statement merely reiterated standard Communist demands for an end to Vietnamization and acceptance of the Viet Cong's seven-point negotiating proposal. According to the statement, Podgorny conferred with Hanoi's top political leaders, including Hanoi negotiator Xuan Thuy; no mention was made of military or aid officials. Just prior to Podgorny's arrival, the chief adviser to Hanoi's negotiating team, Le Duc Tho, wound up an official visit to Bulgaria and headed home via Moscow and Peking, arriving just after the Podgorny mission had ended. The gathering of so many of Hanoi's top diplomatic strategists at this time is a sure sign that Podgorny's visit has generated discussion of political developments related to the war.

Apart from the joint statement, the North Vietnamese have issued no direct comment on the

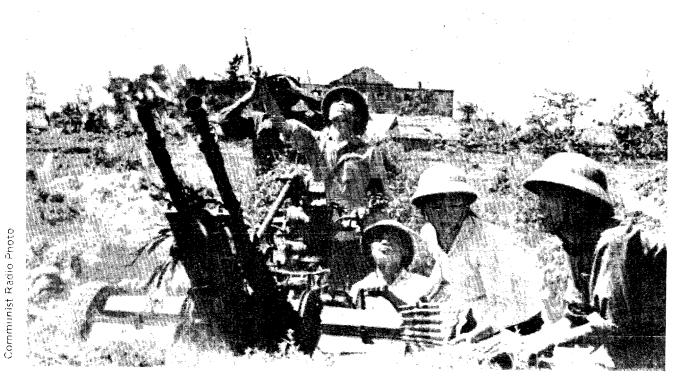
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Podgorny en route to Hanoi

visit, but official spokesmen and propagandists over the weekend were reminding unnamed allies abroad of their responsibility to the Vietnamese Communist cause. An outpouring of North Vietnamese statements, ostensibly commemorating the birth of a Bulgarian Communist leader, underscored the importance of socialist unity and of Vietnam's strategic role in the "world revolutionary struggle." Before his departure from Sofia, Le Duc Tho issued a statement warning Hanoi's socialist comrades not to allow the

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North Vietnamese militia gunners: Who else will help?

principle of "peaceful coexistence" to interfere with their support for the Vietnamese struggle.

In the meantime, Hanoi's army journal has published an article which seems to reflect resentment within the military establishment over the behavior of Hanoi's allies. The commentary, written after the Moscow summit and published in the latest issue of the monthly journal, pointedly enjoins military personnel "to comply with Uncle Ho's teachings on socialist solidarity" and "to strive to fulfill all national duties and international obligations entrusted to them." The journal reassures its readership that, because of Hanoi's role in combating US imperialism, all good Communists will continue to support them, but adds that, whatever the level of such assistance, national self-reliance and popular

determination are the two factors that will ultimately determine the outcome of the Vietnam war.

This rather inconsistent line—which insists that outside assistance will continue but at the same time maintains that the Vietnamese Communists will win out regardless of aid levels—has cropped up frequently since the Moscow summit. It is an index of the depth of Hanoi's worry over its relationship with Moscow and Peking at this time, and the article in the army's most prestigious journal suggests that the regime believes the morale of the military is being affected. These and other commentaries stressing self-sufficiency indicate that the regime is trying to steel its people to face the prospect of a prolonged struggle without the level of outside assistance enjoyed in the past.

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INDIA-PAKISTAN: NEARING THE SUMMIT

On 29 June Prime Minister Gandhi and President Bhutto will meet in Simla, the old British summer capital in the Himalayan foothills, to begin talks aimed at reaching a durable peace settlement for the subcontinent. In the six months since a cease-fire ended the 14-day Indo-Pakistani war and Bangladesh won independence, little has been accomplished toward this end, other than a mutually satisfactory preliminary meeting in late April which set an agenda and quidelines for the summit.

The likelihood of a comprehensive settlement, however, appears slight. Both sides claim to want an end to the years of confrontation, but there is little evidence so far of the requisite trust or willingness to compromise. The summit may produce little more than agreement on certain broad principles, such as renunciation of the use of force to settle disputes, and the settlement of relatively minor issues, such as resumption of diplomatic and trade relations. At worst, the talks could break down over any one of the key issues, in particular, Kashmir or the future of the Pakistani prisoners of war held by the Indians.

The Indian View

Official Indian attitudes toward the summit have grown pessimistic in recent days. The Indians were upset by Bhutto's decision to visit a number of Middle East and African countries during the period originally envisioned for holding the summit. Moreover, Indian officials claim to see in Bhutto's recent statements an undertone of rigidity they did not discern among Pakistani representatives at the preliminary conference.

Increasingly, the Indians now appear to doubt that they can achieve their primary goal—a final settlement of the Kashmir issue. The Indians would like to see Pakistan accept the newly modified 1949 Kashmir cease-fire line as a permanent international boundary. Presumably, New Delhi recognizes that a public agreement on Kashmir could bring into question Bhutto's political future.

In the absence of a permanent settlement in Kashmir, India is bound to press hard for some kind of assurance of continued good behavior by the Pakistanis. A "no-war" pact is one possibility, but Bhutto would be most reluctant to accept any such restrictions on his future actions in the absence of a significant guid pro quo. While the 93,000 prisoners of war are an obvious guid. New Delhi apparently has boxed itself in by insisting that the prisoners cannot be repatriated without Bangladesh's agreement. Sheikh Mujib has refused to meet with Bhutto to discuss repatriation or any other issue prior to Pakistan's recognition of Bangladesh, and Bhutto has thus far declined to grant recognition. The matter is thus deadlocked. Both India and Pakistan appear somewhat at the mercy of Mujib. The prisoner situation is complicated by India's agreement, in principle, to turn over to Dacca a number of prisoners for war crimes trials. The Indians have not publicly committed themselves to a date or to specific numbers, probably because they realize that this move could jeopardize the talks.

The Pakistani View

Agitation for the return of the prisoners and the withdrawal of Indian forces from Pakistani territory has subsided, and Bhutto probably believes that he is under no great pressure to obtain an immediate agreement with India. Although he realizes that in the absence of an agreement, agitation on these issues could resume and ultimately threaten his government, Bhutto presumably suspects that he would be more likely to endanger his present position by making substantial concessions on Kashmir or by acquiescing in war crimes trials. Bhutto is therefore unlikely to surrender his only bargaining chip-recognition of Bangladesh-without some major shift in the current Indian-Bengali position on the prisoners. On Kashmir, although Bhutto would be reluctant to agree publicly to a permanent division of the state, he might be willing to accept some other formula that meets essential Indian demands. Both sides appear willing to trade off most pockets

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Gandhi and Bhutto hav	will be the first time Mrs. ve met since the war, and how these two shrewd poli-
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UK-FRANCE: AT ODDS ON EUROPE

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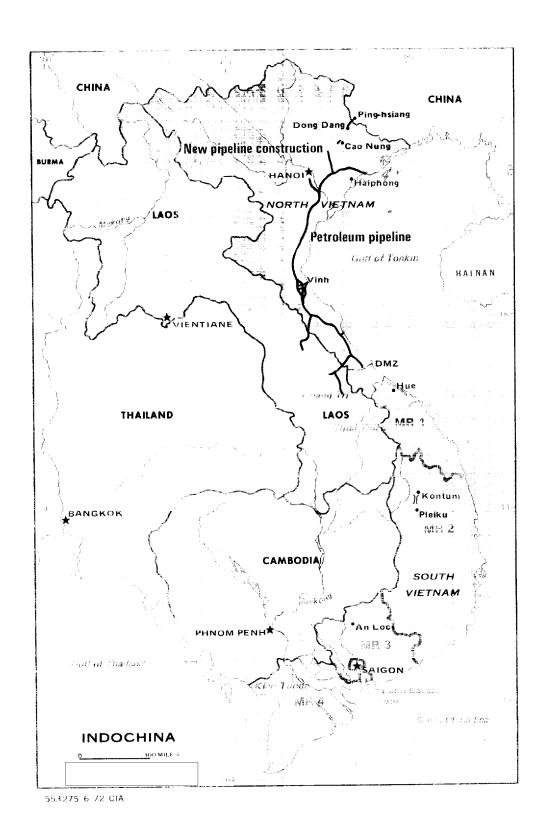
The foreign ministers of the six present and four entering members of the European Communities meet again next week in Luxembourg. There are signs of an incipient rivalry between Britain and France over the future development of European union. Since Pompidou's threat earlier this month to call off next October's summit meeting of the Ten, comments from Prime Minister Heath and other British leaders make it clear that. although the two countries share the common objective of a strong and independent Europe, they differ sharply over methods. Heath appears to have no intention of allowing France to retain the preeminent position it has claimed among the Six.

Recent French behavior supports the suspicion that Paris may again be inclined to delay or avoid the consolidation of an integrated Europe on the foundations laid by the Communities. French officials admit that Paris sees economic and monetary union as an "autonomous" development within the EC structure. This implies that even economic unification not specifically sanctioned by the community treaties would be handled in such a way as to minimize the EC Commission's role, retain the member-state veto, and exclude the European Parliament from any meaningful role.

In his new endeavor to hold Brussels at bay and to promote Paris as Europe's fulcrum, Pompidou has been motivated in part by domestic considerations. He hopes to mobilize Gaullist support and to warn the "pro-European" centrists in the government coalition—and their like-minded friends among France's partners—that in view of the government's relatively poor showing in the April referendum, this is a poor time to push their goals. At the same time Pompidou clearly intends to establish his own Europeanism by urging that the economic and monetary union he advocates would confirm the community as a separate entity in the international monetary system and give it more bargaining power in negotiations with the US.

Heath also advocates collective European policies. In Copenhagen, for example, he reportedly argued that Europe might not always be so fortunate as it was in the recent Moscow summit meeting in not having its position compromised by US and Soviet agreements. The British, along with France's other EC partners, suspect that Paris' positions on institutions contradict its professed aims of giving Europe an effective and unified voice. As so often in the past, they may seek to avoid a showdown rather than face it. Should the French persist, however, Britain may gradually find itself "leading" an op- 25X1 position to France, even though political and economic problems at home will remain a handicap in such a role.

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INDOCHINA

HUE THREATENED

Communist forces have begun a thrust on the northern defense line around Hue. Following heavy attacks against a South Vietnamese Marine foray into southern Quang Tri Province early in the week, Communist units on 22 June opened an attack on the government's My Chanh River defensive line along the Quang Tri - Thua Thien provincial border. The attacking forces have committed 130-mm. artillery and tanks in support of their infantry assault.

The northern Mekong Delta area saw military action for the second consecutive week, although last week's intense fighting in Kien Tuong Province slackened somewhat. Communist harassment continues, but most of the activity in this sector has shifted across the border into Cambodia. There, elements of the South Vietnamese 7th Division have been heavily engaged with elements of the Viet Cong 5th Division which pulled back from Kien Tuong after the heaviest of the fighting. Other elements of the 5th remain in the province and are probably responsible for continuing harassment there.

The situation around Kontum City has been generally quiet. Some fighting has continued south of the city, where government forces succeeded on 19 June in pushing an armored convoy through to Kontum for the first time since Communist forces blocked Kontum Pass in late April. The convoy used a bypass built to skirt the still heavily contested pass.

In the An Loc sector, Communist shellings have fallen off markedly for the first time since the heavy artillery attacks began in mid-April. Communist forces continue to block government units south of the town, and sporadic fighting has occurred between these government reinforcements and the Communist blocking units.



South Vietnamese at An Loc

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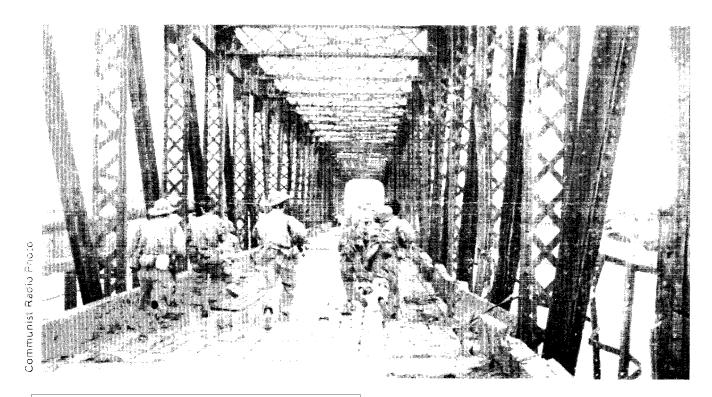
A PIPELINE TO THE NORTH

Aerial photography of 14 June showed continued rapid construction on the petroleum pipeline that will connect existing pipelines in North Vietnam with China. The new line now extends south from Ping-hsiang in China to the Vietnamese town of Dong Dang. A short segment of the pipeline is also visible at Cao Nung, some 35 miles south of Dong Dang. The capacity of the petroleum storage at Ping-hsiang is being expanded, and dispersed storage tanks were also noted in earlier photography of Cao Nung.

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Soviet Flotilla Heads Home

The last of the Soviet naval surface ships that had been anchored off the Paracel Islands area in the South China Sea departed on 21 June,

apparently for Vladivostok. One Soviet E-class submarine is believed to remain in the South China Sea and two other E-class units there earlier are east of Taiwan.

SMALL SUCCESS IN SOUTH LAOS

Government forces have made some gains in the south Laos counteroffensive. On 18 June, three days after the operation began, irregular units managed to push into their first objective, the Se Done River town of Khong Sedone. The North Vietnamese put up a stiff defense, but by the end of the week the irregulars with strong air support had captured most important positions around the town.

The government has also made some progress farther south, where irregular units are

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attempting to clear Communist units on the western edge of the Bolovens Plateau. The Communists have increased pressure on Lao Army troops at the Route 23/231 road junction; North Vietnamese troops on 21 June forced one of the government's battalions to abandon its position.

The situation in the north is unchanged. The Communists hold much of the high ground between Long Tieng and the Plaine des Jarres, and



government forces have made few serious attempts to dislodge them in the past few days. Government strength in this area has been temporarily reduced by the withdrawal of six irregular battalions for refitting.

More Political Maneuvering

Political maneuvering continues in Vientiane over possible cabinet changes. The major issue remains whether Finance Minister Sisouk will be replaced in response to pressure from right-wing elements led by the Sananikone family, whose business interests have been hurt by Sisouk's economic reforms. Prime Minister Souvanna is working for some sort of face-saving compromise, but neither Sisouk nor the Sananikones seem willing to cooperate.

Souvanna has treated the new assembly with a good deal more deference than he has others in the past. The prime minister almost certainly has the votes to defeat his opponents in the assembly. Failing that, he can always ask the King to dissolve the assembly. But he seems inclined to finesse his problems with the assembly, to give ground where necessary to stall for time, and, if absolutely necessary, to drop Sisouk as finance minister. Souvanna is convinced that an Indochina settlement may be at hand, and he may be saving his political ammunition for what he probably assumes will be a tough fight with the rightists over a political settlement with the Communists. As always, he is caught between the southern-based rightists, symbolized by Sisouk, and the Vientiane-Sananikone rightists. There is no easy way out, but Souvanna is anxious to minimize the damage to his own position.

A POLITICAL PARTING IN CAMBODIA

The recent presidential election continues to roil the political waters in Phnom Penh. The

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waning of Lon Nol's popularity seems to have contributed to Sirik Matak's decision to make an open political break with his old friend and associate. Matak is forming an opposition party, the Republican Party. Thus far, it has enrolled only a few veteran civilian politicians. There have been rumors that several senior military leaders, including Defense Minister Sak Sutsakhan, also may join Matak's camp--but this seems unlikely if Lon Nol makes their membership a test of loyalty to him.

The rift between Matak and Lon Nol has slowly widened since last March, when the President in effect abandoned Matak to agitating students. Bereft of Lon Nol's support, Matak quit the government, retired to the sidelines, and refrained from campaigning for Lon NoI during the election. Matak's disenchantment appears to stem more from a belief that he was badly used by Lon Nol than from any significant policy differences with the President. Like many Cambodians, including some who still back the President, Matak finds fault in Lon Nol's personal style of government, his penchant for grandiose plans and slipshod administration, and his continued backing of his brother Lon Non.

The first objective of Matak's new party will be to get ready for the legislative election in September. As things now stand, the government banner in that campaign will be borne by the Socio-Republican Party, which is guided by Matak's nemesis, Colonel Lon Non. Over the longer run, however, Matak's action signifies that he is intent upon staking a serious claim to succeed Lon Nol. He seems certain to be opposed in this effort by both Lon Non and First Minister Son Ngoc Thanh, who presently are working together in the Socio-Republican Party.

Route 7 Reopened

Government forces have finally managed on 17 June to clear a two-mile stretch of Route 7, just east of Skoun in Kompong Cham Province. The 11-day campaign met with some sharp resistance, which was broken with the aid of air support. Cambodian casualties totaled 40 killed and 142 wounded, while 92 Communists were killed in ground fighting.

The military situation was quiet in the rest of the country. The government operation to retake Angkor Wat made no progress, and a series of Cambodian Army sweeps in the Phnom Penh area failed to produce anything significant.

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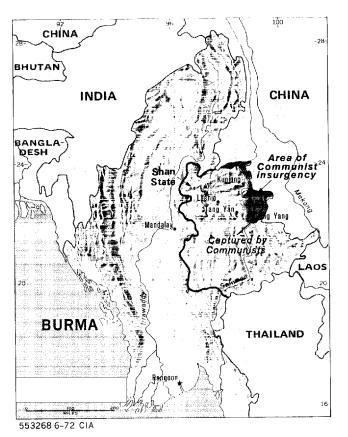
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BURMA: THE INSURGENTS AGAIN

The Burmese military is bracing for a renewed push by Chinese-backed insurgents in the northeast. During the last week of May, insurgent forces attacked and captured the town of Pang Yang, which had been one of the few remaining government positions between the Salween River and the Chinese border in northern Shan State. On 2 June, the Communists overran a government outpost 30 miles north of Pang Yang and captured a large quantity of rice, which will improve their capability for further rainy season action. The Burmese Army has reinforced its garrison at Tang Yan which, the army anticipates, will be the next Communist target.

Burmese military officers fear that the Communists plan to clear government forces from the area east of the Salween River as a prelude to declaring the region "liberated." The Communists evidently have transferred units from normal operating areas north of Kunlong and now have about 1,500 armed insurgents for such a campaign. Communist plans for the northern area, including a spring offensive that never materialized, may have been upset by a falling-out with the Kachins, a non-Communist ethnic insurgent group which earlier this year broke a non-aggression pact with the Communists.

The recent flurry is the first significant Communist effort since the six-week siege of the district town of Kunlong late last year. It will further undermine whatever hopes Burmese leaders entertained that the improvement in state relations with China would result in lessened activity by the Chinese-supported insurgents. Rangoon is trying to avoid making the insurgency question a major determinant of its relations with Peking and only last month sent an economic delegation to China to discuss future aid projects. Despite the Burmese initiative, agreement was reached only in principle and only for certain projects. Details had to be deferred to future meetings, and none was scheduled.



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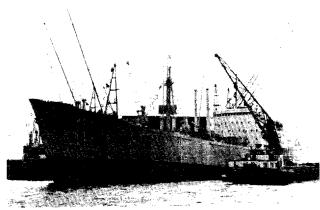
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Chinese freighter Changshu, acquired used in 1970

CHINA EXPANDS SHIPPING

In an effort to reduce dependence on foreign merchant ships to carry its growing seaborne trade, China is accelerating expansion of its international merchant fleet. During the first half of this year 13 ships were added to the fleet, while two older ones were retired to coastal service. The international fleet now totals 83 ships and almost one million dead weight tons. The depressed world market for used ships this year has been a boon to Peking, and only two new vessels—one Finnish and one Yugoslavian—have been added to the fleet so far in 1972.

Since 1961, when China's international merchant fleet was formed with three ships, the fleet has grown rapidly. During the 1960s, 49 ships of a little over a half a million tons were placed into international service, but the most spectacular growth began in 1970. Since that time, 39 ships of about a half million tons have been added and five older ships withdrawn.

A high rate of expansion is expected to continue as China capitalizes on the depressed world prices for used ships. Moreover, about 33

ships, many earmarked for China's international service, are being built at foreign shipyards for China. Some ships may be built in Chinese yards, although only three Chinese-built ships have been added to the international fleet since 1970.

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THE PHILIPPINES: SOME SECOND THOUGHTS ON THE GREEN REVOLUTION

When the new miracle rice was introduced in the Philippines several years ago, expectations were high that the benefits of increased yields would be felt throughout the rural economy. But now some social workers in rural areas are having second thoughts about who is really going to profit from the "miracle"—the poor farmers or the landed elite. While the new seed varieties do deliver much higher yields under the right conditions, it is becoming clear that the side effects for the Philippine peasant may in some cases be harmful.

The success of miracle rice is predicated on making farms more efficient. It requires carefully controlled irrigation and systematic use of fertilizers and pesticides, all of which necessitate large outlays of capital. Few Filipino peasants have the money, which places an additional burden on the small landowner and especially the tenant farmer.

The Philippine Government has established rural credit banks, but these lend money only to farmers who own their land. The tenant farmer, whose desire to join the Green Revolution has been stimulated by government propaganda, generally borrows from his landlord or from local loan sharks. Not only do the tenants go more deeply in debt to plant the miracle rice rather than the old varieties, but the success of the crop is a greater gamble.

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For all of its high yield, miracle rice is highly susceptible to disease and to variations in weather. First signs that the new rice varieties might be something less than a complete miracle were seen during the 1970-71 growing season. Tungro, a rice pest spread by leafhoppers, destroyed two and in some places three successive crops of miracle rice in some areas of Central Luzon. The losses to tungro were magnified since, for reasons of efficiency, large contiguous areas had been planted simultaneously, in contrast to the traditional practice of staggering planting times. Miracle rice crops were also destroyed by typhoons. It was found that, while the tough stalks of the new varieties withstood the high winds, the plants themselves turned out to be too short to survive the flooding that followed the tropical storms.

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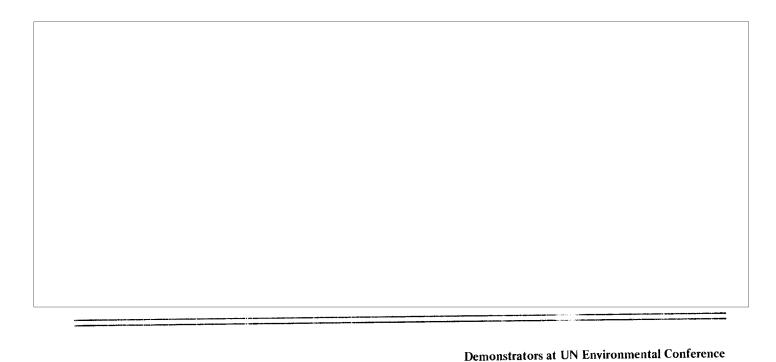
Even a successful harvest can sometimes turn out badly for the small farmer. Because of the increased yields and simultaneous harvesting over a large area, local markets are glutted with rice, and prices are driven down. The large farmer can hold back his harvest and await improved prices. The subsistence farmer must sell immediately, even at disastrously low prices.

Because large farmers can profit most from
the improved varieties, small farmers in the Phil-
ippines may be gradually forced into tenancy or
off the land. Some observers fear that inexprably
the expanded planting of miracle rice will swell
the urban ghettos with displaced peasants in
search of a livelihood.

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UN: ENVIRONMENTAL CONFERENCE

The first World Conference on the Human Environment was probably as successful as a meeting attended by over 1,500 delegates from 114 nations could be. The principal agreements are embodied in an action program of more than 100 resolutions.

Although many of these resolutions are merely hortatory, some provide for specific programs and institutions. Of these, the most consequential creates a secretariat to coordinate UN programs in the environmental field. The secretariat, which is to have \$100 million to spend in the first five years, must be approved by the General Assembly this fall, as must the other elements of the action program. The Soviets and most East Europeans—who did not attend the conference because East Germany was not seated—will therefore have their say, but no fireworks are expected.

A good deal of the two-week session in Stockholm was taken up with disputes surrounding the declaration on the human environment. Most of the problems were solved by compromises engineered by Maurice Strong, the Canadian secretary-general of the meeting. When the declaration was adopted on the conference's last day, the Chinese rejected the principle calling for the "elimination and complete destruction" of nuclear weapons.

The Chinese in fact played a curious role throughout the conference. They concerned themselves with two substantive issues: the nuclear weapons issue in the draft declaration and a resolution offered by Peru and New Zealand specifically aimed at France's testing program in the Pacific. Asked by a Latin American why they had not participated more fully since they are "widely respected for their wisdom and experience," the Chinese replied, "We have ample wisdom but no experience." They were active, however, in attacking the US for its role in Vietnam, as were the Swedes and Romanians.

The organizers of the conference tried to keep it nonpolitical, believing that the most progress could be made in that way. But environmental problems pose deeply political questions, and while it is one thing for the international community to accept the principle of common responsibility for such problems, it is quite another to grant international institutions the power and the money to make effective international action possible.

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PRINCIPAL ACTIONS OF UN ENVIRONMENTAL CONFERENCE

I. Planning and Management of Human Settlements

Endorsed conservation conventions.

Proposed creation of international fund to assist national programs.

Called for increased WHO and other UN agency support for family planning.

11. Natural Resources Management

Called for ten-year moratorium on commercial whaling.
Passed other recommendations on agriculture and soils, forestry, wildlife, fisheries, parks, genetic resources, water, mining, energy, and
development projects.

III. Identification and Control of Pollutants

Urged completion of a global ocean dumping convention in 1972. Called on governments to provide statistics to UN agencies on the production and use of toxic and persistent materials.

Recommended a UN-coordinated "earthwatch" to monitor and assess environmental trends.

IV. Education, Information, Social, and Cultural Aspects of Environment

Recommended international reference service for environmental information.

Recommended international action to measure social and cultural impact of environmental developments, to improve environmental education, and to inform the public of its responsibilities in preserving the environment.

V. Development and Environment

Urged steps to prevent national environmental actions from creating trade barriers against exports of developing countries.

VI. International Organizational Arrangements

Approved environmental secretariat and governing council to coordinate and promote UN environmental programs.

Created fund to finance new UN environmental activities.

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FINLAND: PARTY POLITICS

The prospects for a new center-left coalition were improved when the recent party congresses of four of the coalition's prospective partners limited right-wing dissidents and adopted more mutually compatible platforms. Such a coalition, however, will probably not be put together before the fall.

The Social Democrats, who now run a minority government, produced the most significant results at their congress. Party chairman Paasio and party secretary Sorsa, prime minister and foreign minister in Finland's present government, were returned to office in an endorsement of their "center-left" leadership. The right wing of the party lost ground when Kaarlo Pitsinki was ousted as chairman of the party council and conservative vice chairman Olave Lindblom failed in a bid to succeed him. Pitsinki had become unacceptable to party moderates and leftists as a symbol of adamant opposition to the Communists. His ouster helped mollify the Communists, whose offer of cooperation was rejected by the congress. By such maneuvers, the Social Democrats are clearly striving to improve their prospects for broadening the present minority government into a Paasio-dominated coalition.

The Center, Swedish Peoples', and Liberal parties have also concluded congresses and returned incumbent chairmen to office. These parties all were members in the previous left-center coalition and are likely candidates for the new one. The Swedish Peoples' Party muted its right wing during its congress in an obvious effort to maintain eligibility.. The Communist Party, which held its congress in March, is still a long way from resolving its factional differences. Indications that the party is in danger of being overshadowed by the leftist front organization, the Finnish Peoples' Democratic League, could force a reconciliation between the factions.

Nevertheless, even if the Communists patch up their internal differences, the party probably would not join a coalition until Finland's bid for an arrangement with the European Communities—which the Communists oppose—is settled, presumably this summer. Both Paasio and President Kekkonen, who seek a broad coalition eventually, are believed to favor continuation of the present minority government, at least until the fall.

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CASTRO: ...AND SO TO MOSCOW

Fidel Castro moves on to Moscow early next week for the most important segment of his eight-week, nine-nation journey.

President Nixon's visit to Moscow and US actions in Indochina will be high on the list of topics he will wish to discuss. The success of the US-Soviet summit has plagued Castro during most of his tour. He has been unwilling to hide his dismay over Moscow's lack of response to US actions in Vietnam and has openly regretted that the Soviet Government's statements on Vietnam have not been more "energetic." Castro clearly is concerned about the possible implications of a US-Soviet detente for Cuba's interests and security. Cuban propaganda continues to portray US actions in Vietnam as an "insolent challenge to all socialist governments."

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EGYPT: HAYKAL IN HOT WATER

There are indications that Muhammad Haykal, the influential editor of the semi-official Al-Ahram and sometime presidential confidant, may be out of favor and out of the mainstream of Egyptian politics.

Recently, several prominent writers in other Egyptian publications have attacked Haykal for some of the views—especially criticism of the Soviet Union—expressed in his articles. The publication in *Al-Ahram* of the minutes of a recent forum, sponsored by the paper, that was critical of Moscow probably nettled high-level Egyptian political leaders. Two senior members of the Ministry of Foreign Affairs were suspended for participating in the seminar.

Haykal evidently was not deterred by these developments, however, and in his weekly article on 16 June he again rebuked the Soviets. After complaining about the no-war, no-peace situation, Haykal speculated that the continuation of this condition could lead to a split between Cairo and Moscow because Soviet arms "would seem either not useful or not sufficient." Haykal's barbs at the Soviet Union are probably noted approvingly by the many Egyptians who are frustrated over their country's nearly total dependence on Moscow. Although it is possible that Haykal's public complaints have official sanction, it is more likely that they are an embarrassment to the regime in its efforts to retain Soviet political and military support.

Haykal has maintained that the best way to achieve a Middle East settlement is to work through the US, while President Sadat has grown increasingly bitter about the continuing US support for Israel. This is another sign that Sadat



has drawn away from Haykal in policy matters and, perhaps, in personal relations as well.

The editor's position and influence within the Egyptian hierarchy has frequently been the subject of speculation. He is the most prominent and widely read journalist in the Middle East, a clever and capable man who has managed to retain influence in spite of previous periods of friction with the nation's political leaders. It is possible that he has ties with the supporters of former vice president Zakariya Muhyeddin. A group of these supporters has in recent months also made known their unhappiness with the Soviet role in Egypt. At the time of Nasir's death in late 1970, Haykal pushed for Muhyeddin rather than Sadat to replace Nasir, but he later seemed close to Sadat.

Jordan radio has claimed that Haykal is being banished to Lebanon, but the editor has denied the report. At a minimum, it does appear that if Haykal does not bring his public views into closer accord with the official Egyptian line, he faces an uncertain future.

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Israeli forces crossed into Lebanon on 21 June following two fedayeen-instigated incidents the day before in the occupied Golan Heights area. The fedayeen had attacked an Israeli tourist bus with rockets, wounding two civilians; later two Israeli soldiers were wounded by a mine explosion.

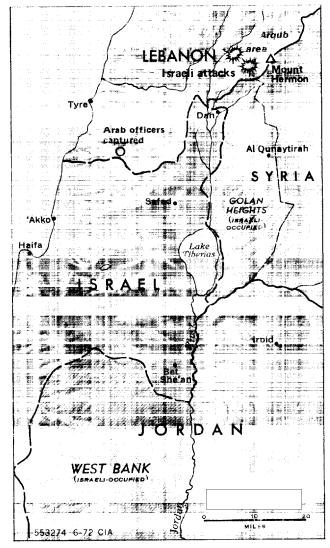
According to a senior Lebanese Army official, five Syrian Army officers and a Lebanese Army intelligence officer, touring the border, were captured by the Israelis. The Israelis established a number of roadblocks in other areas of Southern Lebanon. Civilian autos were stopped and searched. In the Arqub region Israeli aircraft hit civilian targets and Lebanese Army barracks. The Lebanese Army also reported Israeli shelling of other Arqub villages. The Lebanese Army's official count of military, civilian, and fedayeen casualties is 97 killed or wounded.

The Israelis are not representing their latest action as a reply to the Lod airport massacre, although the Israelis hold the Lebanese Government directly responsible for the incident. The possible serious consequences of any large-scale reprisal have helped limit the response so far to pressing for improved air safety measures.

INTERNATIONAL OIL DEVELOPMENTS

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The Shah of Iran, who has been negotiating separately from the Organization of Petroleum Exporting Countries on the issue of participation, reached agreement this week with Western oil companies to extend their concession 15 years to 1994. In return, the companies agreed to increase production from the current 4.3 million barrels per day to approximately 8 million by 1976. In addition, the companies will turn over the large Abadan refinery to the government, build a new



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refinery on the Persian Gulf coast, and make oil available at cost for Iranian consumption.

In contrast, discussions between the oil companies and Saudi Oil Minister Yamani have made little or no progress on the issue of participation.

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Yamani, negotiating on behalf of the Arab Persian Gulf members of the Organization of Petroleum Exporting Countries, is scheduled to report on his talks at a ministerial meeting of the organization on Monday.

The Organization of Petroleum Exporting Countries also is attempting to mediate the dispute between the Iraq Government and the nationalized Iraq Petroleum Company. The organization has offered its secretary-general as mediator, and the companies apparently have accepted his proposal for a 90-day moratorium on legal action against any purchaser of the nationalized oil while mediation is under way. The companies are seeking to ensure that the mediation would encompass the whole range of outstanding issues and not just compensation for the nationalized assets.

Although the companies will be permitted to resume shipping nationalized oil during the moratorium, all but the French partner probably will be reluctant to lift the oil and thus reward Iraq financially. The companies have alternative sources of oil they consider more profitable.

The French concern probably will lift oil during the 90-day period as a result of the French-Iraqi pact announced last weekend. Iraq is committed to supply the company with 23.75 percent—its share of the nationalized firm—of the production from the nationalized fields for ten years at pre-takeover costs. The agreement apparently fell short of Iraq's apparent goal of having the French break completely with their partners, but it preserves France's special position. The French firm's partners, who have taken a wait-and-see attitude toward the pact, believe it does not prejudice their interests and hope that it could facilitate mediation.

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Irag's short-term financial position has been

Iraq's short-term financial position has been strengthened by the agreement of the Organization of Arab Petroleum Exporting Countries to loan Baghdad \$135 million over three months. The amount is approximately equivalent to taxes that the nationalized oil would have yielded over that period.

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CONGO: DISCORD CONTINUES

President Ngouabi's efforts at conciliation following last February's coup attempt by leftist extremists appear to have boomeranged. Longstanding political and ethnic tensions have been inflamed rather than soothed, and Ngouabi is being driven to measures that threaten to make these problems even worse.

Ngouabi is edgy about the inability of the security forces to apprehend Ange Diawara, leader of the abortive coup, and about anti-regime acts and propaganda attributed to Diawara. Distrusting even his closest associates, Ngouabi recently sacked his long-time secret police director and ordered the army and Foreign Ministry purged of Diawara sympathizers. He also has stepped up military recruitment in the north, where he comes from, with a view toward replacing suspect southern troops in the capital area.

Ngouabi's uneasy alliance with army chief Yhomby-Opango, a conservative fellow tribesman, continues mainly because each retains

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important strength in the military.

Southerners, long opposed to the northern-based government, are coalescing in support of Diawara, at least to the extent of helping him avoid capture. Most of them do not share Diawara's extremism, but they do see him as the only prominent southern oppositionist left on the scene.

Although a party congress has been put off until December, Ngouabi hopes a preliminary conference in July will set the tone for reconciling the country's mutually antagonistic factions and for developing a more rational economic approach. As of now, Ngouabi's ability to stay on top of Brazzaville's volatile politics is being severely tested.

OAU: AT THE SUMMIT

The ninth annual heads-of-state conference, which ended in Rabat on 15 June, was high-lighted by the OAU's strongest resolution thus far on the Middle East.

The resolution went beyond even last year's strongly pro-Arab resolution. It avoided on outright condemnation of Tel Aviv, but attacked "Israel's negative and obstructionist attitude" and called for its immediate withdrawal from "all occupied Arab territories." The presence of a large number of Muslim African leaders, including

Morocco's King Hassan, Mauritania's Ould Daddah, Algeria's Boumediene, and Tunisia's Bourguiba, may have been a factor in the adoption of the resolution. The resolution gave no indication that the organization intends to resume efforts to break the Middle East deadlock with something similar to the mission of four African heads of state last year.

The summit elected a new secretary-general, Nzo Ekhah-Nghaky, the Cameroonian minister of labor and social affairs since 1965 and reportedly a capable administrator. He replaces Diallo Telli, the Guinean who had held the post for eight years but had become unpopular with many African leaders.

Other summit resolutions provided for substantially increased aid for African liberation groups; condemned racial and other policies in South Africa, Rhodesia, and Portugal's African territories; attacked the US for purchasing Rhodesian chrome. A proposal for an African regional defense system was sent to a committee for further study. The delegates apparently did not take a position on the Law of the Sea issue, but they probably referred the matter to a committee in hopes of preparing a common African stand for next year's international conference.

King Hassan, who was elected chairman of the OAU for the coming year, stressed that the keynote of the summit was reconciliation. He cited the recent southern Sudan peace agreement as well as the patching up of rifts between his government and Algeria, between Senegal and Guinea, and between the two principal Angolan liberation groups. Despite Hassan's optimism, the concept of African unity still is elusive, and many sharp and long-standing differences remain among Africans.

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CHILE: REORGANIZATION AND REDIRECTION

The reshuffling of the cabinet last week did not end the prolonged debate among Popular Unity leaders over future economic policy. The government's program of radical change in the economic structure is not being debated. Rather, the issue is whether a policy of continued rapid nationalization or one of increasing productivity of economic units already in government hands will most benefit the government parties.

The Socialists believe that the Popular Unity program can be best implemented by forcing its rapid completion. The Communists, reportedly encouraged by Soviet advice and doubtful of Soviet willingness to bail them out of self-induced economic problems, favor consolidation of past gains and a certain caution in introducing further economic shifts. The evidence so far suggests that the Communist position, supported by Allende and two smaller parties in the coalition, is winning out in most respects. Opposition by the Socialists, who threatened to leave the coalition if their demands were not met, is being overcome in part by giving them an extra cabinet post. The Communists countered this gain by naming two highly influential members of their party to cabinet posts.

The Communists and Allende clearly have an eye on the 1973 elections. Their emphasis for the moment is on minimizing irritants to voters in such government-directed activities as medical service, distribution and quality of consumer goods, and price and availability of food. They also aim to reduce red tape and curb arrogant bureaucrats. They prefer to encourage worried small farmers and businessmen, legalize seizures that have already taken place, and reassure businessmen whose plants are not to be taken over.

A concrete sign of the Christian Democrats' willingness to go some way in cooperating with



Allende with new Labor Minister Mireya Baltra

Allende is their treatment of the "three areas" bill. For the third time, they have postponed a vote on Allende's veto. The opposition would win the vote by a majority, but it would trigger a nasty constitutional crisis the Christian Democrats hope to avoid. Therefore, they are again negotiating with the President and the Communists on where the lines of state, private, and mixed ownership will be drawn. The Christian Democrats' preference for accommodation rather than confrontation is the greatest obstacle to op- 25X1 position unity, and could continue as long as the government is wise enough to keep the door open.

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ARGENTINA: POLITICAL INS AND OUTS

Organized political activity was banned in Argentina for five years before President Lanusse opened the flood gates in March1971. Argentines give no indication of being out of practice, however, and the infighting for the national elections that are still nine months away has begun in earnest.

President Lanusse is trying to bring the Peronists back into the system—incorporate them into the "establishment"—but at the same time keep them out of power. Negotiations with Juan Peron, in exile in Madrid, have temporarily at least reached an impasse with neither side willing to compromise on basic demands. The military will never allow Lanusse to permit Peron to resume power, and the Peronists have been unwilling to give up a chance to gain complete control of the government.

Proclamations of Peron's presidential candidacy by various Peronist leaders appear to be primarily a device for achieving unity and strengthening their bargaining position with the military. They may, however, harbor some hope that Lanusse can be forced to live up to his promise of a "clean game." For his part, Lanusse apparently has not yet given up on destroying the Peron myth by demonstrating to the nation that the former dictator is afraid to return to Argentina and does not really want the job of trying to resolve the nation's serious economic and social problems.

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In the meantime, the other parties are by no means conceding victory to the Peronists. The Radical Party—second in size to the Peronists—has nearly completed the reorganization demanded

by law. Ricardo Balbin, the long-time party leader, appears to have overcome a challenge from young liberal renovators and is likely to receive his party's presidential nomination in a nation-wide primary. The renovators oppose working closely with the current government, but Balbin's traditional forces probably hope that the military will seek an alliance with the Radicals, as they have on two other occasions since 1955, to keep the Peronists out of power.

Maneuvering by Peronists, Radicals, and the military will doubtless intensify over the next months as each seeks to achieve its goals, but tries to leave the door open for profitable alliances. General Lanusse has stated publicly that he does not want to be a candidate, but he too is keeping his options open by qualifying his disclaimer with a proviso that circumstances could change his mind.

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COSTA RICA: LABOR DISPUTE

The Figueres administration, which endured several headaches in recent weeks, is now confronted with a growing labor dispute.

A hefty wage increase granted to doctors and other functionaries of the Costa Rican Social Security Institute prompted a walkout on 12 June by members of the Social Security Workers Union. The strike affects all hospitals, dispensaries, and other social security offices; the strikers are gaining sympathy because of heavy-handed police tactics. A further boost for the strike came from the legislative assembly, which passed a motion protesting these "repressive" measures and demanding that dismissed union leaders be rehired. The assembly also indirectly censured Minister of Labor Jimenez for his obstinacy in refusing to negotiate with the strikers.

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Jimenez has put off attending the international labor conference in Geneva and is directing government efforts to break the strike. Usually a friend of labor, Jimenez apparently views the strike as a personal affront by union leaders previously considered under his control. He denounced the strike leaders as "infantile" and insists that they join non-striking unions, including the Communist's, in negotiations with the institute. The social security union, which controls about half of all social security employees, is standing fast. Compromise will be difficult because of the intense personal animosities generated on both sides.

The ambitious Jimenez has long wanted to unite Communist and non-Communist unions into a single confederation, which he sees as a potential base for a popular front party under his leadership. He probably believes this strike is an opportunity to force his unity scheme on the unions.

In addition, Jimenez is reportedly furious over alleged meddling in the strike by outside labor organizations, which have an indirect affiliation with the striking union. He accused the regional groups of agitating against the government and hinted that US interests may be involved. Jimenez is scheduled to come to Washington on 27 June and undoubtedly will raise this issue. These accusations are probably a mask to cover his inability to control the labor movement in Costa Rica

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lead to a drop in gross national product for the second consecutive year. Export earnings will probably not exceed \$740 million, ten percent below last year, because the lower volume of sugar exports will more than offset higher world market sugar prices. Consequently, to meet basic import requirements Cuba will have to draw heavily on Soviet credits, even more so than the \$500 million used last year.

The drought began in 1970 but its effects that year were limited. While some crops suffered, the dry spring actually gave sugar production a boost by allowing an abnormally long harvest season. The result was a record sugar output of 8 1/2 million tons as Castro launched an all-out drive to harvest cane. Manufacturing and construction activities declined, however, because labor and other resources were diverted to the sugar fields. Reflecting sugar's importance to the economy, gross national product still rose five percent to the highest level in Cuban history.

CUBA: MORE SOUR THAN SWEET

Drought has again taken its toll on the Cuban sugar harvest. The crop may reach about four million tons, 30 percent below last year's poor showing and rivaling the disastrous 1963 harvest. Dryness during the growing season last summer is a major reason for the shortfall. Insufficient replantings for two successive years contributed to the lowered output.

Other crops will probably do better, due partly to more normal rainfall since last autumn. But the decline in sugar production will probably

In 1971, the drought's impact was more severe; in addition the extraordinary efforts of 1970 were not repeated. Sugar cane harvested fell 35 percent because the drought prevented normal growth, thereby reducing the amount of cane available for harvest. Tobacco, coffee, rice, and cattle and dairy products also registered steep declines. Gross national product fell five percent. Export earnings dropped to \$825 million from the previous year's record \$1 billion, largely because of lower sugar exports. With sharply reduced export earnings, basic import requirements were met by a record drawing down of Soviet credits.

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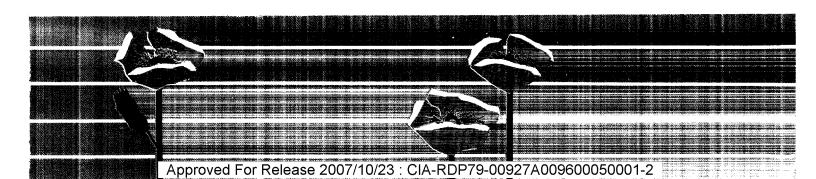
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CHINA AND INTERNATIONAL NARCOTICS CONTROL



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"Poisoning the Chinese people with opium was a pernicious means employed by imperialism in its attempt to subjugate the Chinese people.... We have within a short period of time eradicated the serious poisonous effects of opium smoking throughout the country brought on exclusively by imperialism over the past century and more. This fully demonstrates the firm determination and explicit policy of the Chinese government and people and also shows the superiority of the socialist system in solving problems in this field."

(Speech of Chinese delegate Wang Jun-sheng to the Social Committee of the 52nd Session of the UN Economic and Social Council, 16 May 1972)

In a speech on 16 May, China's representative to the UN Economic and Social Council indicated that his government was considering participation in international attempts to control the production and consumption of narcotics. He placed China on record as supporting strict control of narcotics. It is China's position, he said, that each afflicted country should, through its own efforts, strengthen domestic controls and educate its people on the dangers of drug abuse. Nevertheless, the Chinese delegate left room for China's participation in international narcotics control by saying that Peking is willing "to give serious attention to the attainment of certain joint feasible international agreements and the exertion of joint efforts on the basis of respecting the sovereignty of various countries."

Other Chinese representatives have recently told UN officials in private that the question of active participation in UN drug control work is "under study" in Peking. They have said that while China continues to adhere to the Opium Convention of 1931, it does not consider itself bound by similar instruments signed in China's name by the Chinese Nationalists at the UN. Peking may be contemplating signing of the recently amended Single Drug Convention of 1961, cooperating with the International Narcotics Control Board, and contributing to the UN Drug Fund. As a classic historical example of a "victim country," China might, for the benefit of the international narcotics control efforts now under way, disseminate its experiences in solving its domestic drug problem. It is doubtful, however, that many countries would be willing and able to adopt the harsh measures employed by Chinese Communists. From the point of view of Peking, such participation would help to offset efforts on the part of Nationalist China and the USSR to portray China as a ringleader in the illicit narcotics traffic.

Opium: "Imperialist Instrument"

More than a century of unhappy experiences has given the Chinese an aversion to opium—and by extension, all narcotics—that contrasts markedly with the more usual Asian view of its use as a minor social vice.

In the early 19th century, the British solved a trade imbalance with China by producing opium in India and promoting its sale to China. The Chinese were already acquainted with the drug. Opium sold so well in China that by the 1830s, the British deficit had been replaced by a trade surplus in the form of a large drainage of silver out of China. Alarmed by the financial loss and morally outraged by the rapid spread of opium addiction, the Manchu dynasty, which ruled China at the time, determined to cut off opium imports. The seizure and burning of opium belonging to British traders in the Canton region set off the so-called Opium War of 1839-42. China was defeated in its attempt to cut off the opium trade, and opium came to be regarded as an instrument of "imperialist aggression." Cultivation of opium poppies in Manchuria during the Japanese occupation of the 1930s reinforced the

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Chinese tendency to associate opium use with "imperialism."

When the People's Republic of China was established in late 1949, its leaders moved quickly against opium traffickers and the huge addict population, then possibly the world's largest. The elimination of addiction was regarded as symbolic of the freeing of the Chinese people from foreign bondage as well as a social and economic necessity. On 24 February 1950, the State Administrative Council issued an order, Concerning the Strict Prohibition of Opium and Other Narcotics. The order specified that anti-opium measures be initiated in an area the moment military operations had been completed. Government organs at all levels then proceeded to set time limits within which owners could turn in opium stocks for compensation and addicts could register for treatment of their habits. Severe punishments, including summary shootings, were meted out to those who did not comply.

The initial anti-opium measures were softened for the ethnic tribesmen in the southern border regions. The life patterns of these tribesmen were intricately bound up with opium cultivation, and the regime wished to gain their loyalty. For them, Peking set elastic time limits, based on local circumstances, for abolishing cultivation or shifting to cultivation under government auspices. By the mid-1950s private cultivation and consumption of opium had been effectively eliminated in all parts of China.



The caption of this 19th century woodcut explains that in 1839, Imperial Commissioner Lin Tse-hsu burned 20,283 chests of opium belonging to foreign firms in the Canton area and later captured 23 boats used by foreigners to smuggle opium into China. His actions precipitated foreign intervention and war. The caption also exhorts the Chinese to think back upon these events and to eliminate the evils of opium.

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China An International Trafficker?

In the past few years, China has been accused, largely by the Chinese Nationalists and the Soviets, of supplying the world illicit market with huge quantities of raw opium and its derivatives. Over the past three years, Nationalist China has inspired a number of articles throughout Asia purportedly documenting Peking's involvement in the illicit narcotics trade. In 1971 an exhibition was held in Taipei of narcotics said to be of mainland origin. These materials have often served as the basis for charges carried in the US press. The USSR, for its part, seems to have been responsible for the planting last year of a story quoting Chou En-lai to the effect that China was engaged in poisoning the free world in general, and US troops in Vietnam in particular, with opium. Soviet broadcasts to Africa in March and to Southeast Asia in May have portrayed China as an active participant in the illicit narcotics traffic. Most of the charges focus on the historical record of opium production in China and the foreign exchange earnings that Peking supposedly garners from the illicit export of opium.

Opium-Growing Capabilities

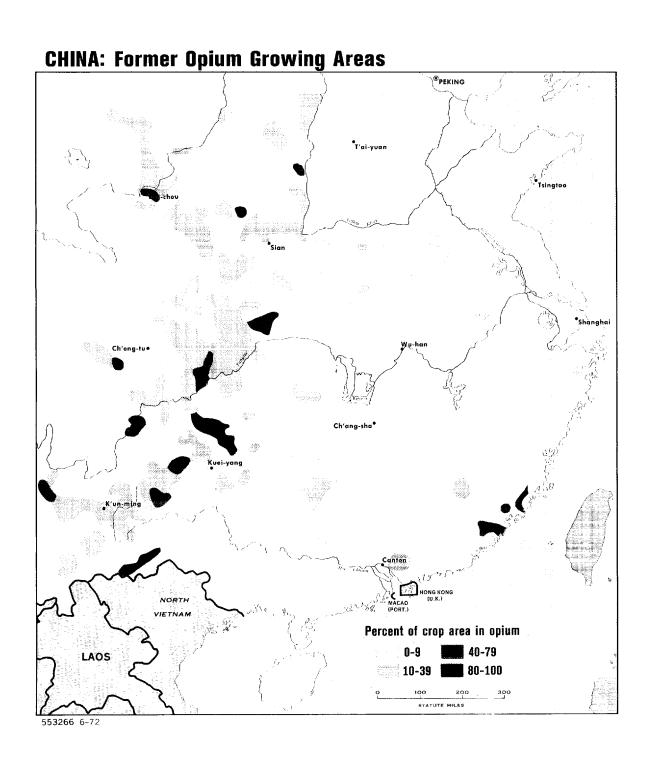
China has the capability to grow very large quantities of opium, and the suppression of domestic addiction was not designed to eliminate opium cultivation. Like other countries, China requires some opium for the production of pharmaceutical drugs. Peking may also have a maintenance program for long-term addicts who could not be cured of their habits.

Peking does not release data on the country's opium or pharmaceutical production, and a firm estimate is not possible. However, a minimum pharmaceutical requirement for opium in China can be inferred from data provided by other countries. Countries that subscribe to the 1961 UN Single Convention on narcotic drugs report data on licit opium production, consumption, and inventories to the International Narcotics Control Board. The board's figures yield the opium use findings listed in the chart below:

Country	Total Opium Consumption (tons of raw opium equivalent)	Approximate Consumption per million population (kg)
India	63	120
Japan	60.9	600
USA	188.8	930
USSR	425.0	1,770

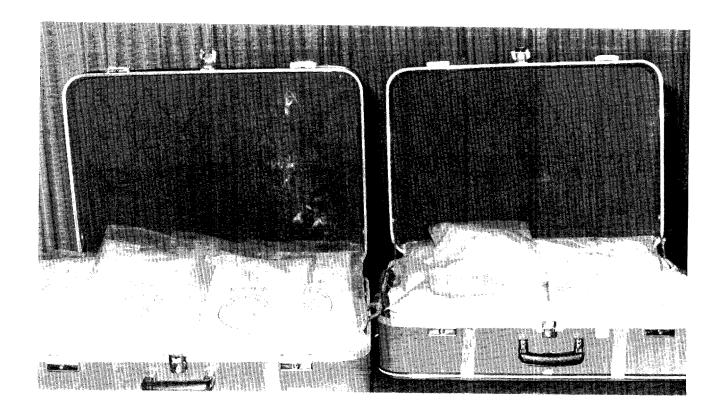
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Of the four countries, India is probably the closest to China in the availability of modern public health and medical services. If Chinese pharmaceutical requirements for opium are comparable to Indian requirements, China's annual opium need would be only about 100 metric tons. At the other extreme, if China consumes as much medicinal opium on a per capita basis as the USSR, China's opium requirement each year would be about 1,500 tons. The acreage required to grow either amount would be only a fraction of a percent of the roughly 150 million hectares sown to all crops each year in China.

Communist troops occupied China's primary opium growing region in Yunnan Province in January 1950, but, since a special dispensation was

made for the ethnic tribesmen to give them time to adjust, a harvest was gathered in May-June 1951. This harvest may have amounted to some 2,500 metric tons—roughly equivalent to the total estimated amount of opium being produced in the world today for licit and illicit markets combined.

Private cultivation and consumption in Yunnan continued until 1956, when it was banned. Opium produced there had been consumed locally or sold through Burmese traders to buyers in Thailand. The quantities that found their way out of China, however, had apparently been small, and, because the sales were illicit, the government presumably had received no tax or other revenue.

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Heroin seized in New York in November 1970 bearing the World Twin Lions trademark. This marking is known to date back to 1937, when it appeared in the Customs Agency Service Narcotics Manual and on bags of smoking opium originating from Macao, but now apparently is used by traffickers outside of Communist China. Narcotics bearing this trademark were seized on several occasions during 1971.



Opium as an Export Commodity

Although China retains a capability to produce large quantities of opium, China is not known to have sold opium on the licit market and probably has sold very little, if any. Furthermore, there is no evidence of sales to Japan which is urgently seeking additional sources of licit opium for its own pharmaceutical industry.

The particular Chinese aversion to opium may in itself be enough to bar opium sales abroad. Additionally, Chinese earnings from either licit or illicit sales of opium would not likely be large. In the licit market, the Chinese would have to compete with established suppliers such as India-which in 1970 provided 90 percent of total licit exports of 885 tons. Chinese sales would therefore be unlikely to exceed a few hundred tons. In the illicit market the earnings from 10,000 tons-China was once accused of peddling that amount—would be perhaps only a mere \$25 million. This is about equal to one percent of Peking's current export earnings. Furthermore, nothing like 10,000 tons of Chinese (or any other) opium could be absorbed by the world illicit market. Current estimates suggest that the world illicit market is using about 1,200 metric tons of raw opium a year. This comes chiefly from Southeast Asian producing areas, where there appears just now to be a sizable surplus available, and secondarily from Pakistan, Afghanistan, and Turkey.

The draconian suppression of opium use in China, the small financial stakes in licit or illicit opium dealings, and the recent move towards cooperation in international narcotics control work all suggest that the Chinese regime is not now and is not likely to become a factor in the illicit narcotics traffic. Positive proof of this negative proposition is, not surprisingly, lacking. For example, narcotics have been seized bearing mainland brand markings with histories dating back to at least the 1930s, but there is evidence that traffickers in Southeast Asia have appropriated the brand names for their own locally produced products. Narcotics traced back to Hong Kong, whose proximity to the mainland led some observers to suspect that China was implicated, turned out to have originated in Southeast Asia. The many sources that provide information on world illicit narcotics developments have so far failed to unearth good evidence of official Chinese involvement in the drug traffic.

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