

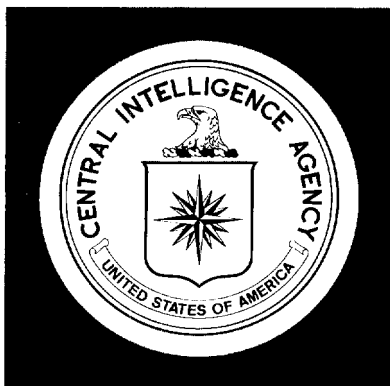
Page Denied

Next 2 Page(s) In Document Denied

State Dept. review
completed

Secret

25X1



Weekly Summary

Secret

No. 0038/75
September 19, 1975

Copy No 63

DOS review
completed



CONTENTS (September 19, 1975)

The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, the Office of Geographic and Cartographic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

EUROPE

- 1 Portugal: Talks Drag On 25X1
- 2 EC: Summer Lull Ends
- 4 USSR: Focus on China



MIDDLE EAST
AFRICA

- 6 Lebanon: Fighting Shifts
- 7 Egypt: Vigorous Defense
- 8 Ethiopia: First Anniversary
- 8 India: Awaiting the Verdict
- 10 Zambia-Zaire: Transport Problems
- 11 Angola: Reviewing Options

WESTERN
HEMISPHERE

- 13 Colombia: Presidential Visit
- 14 Guatemala-Belize: Preparations
- 15 Argentina: New Political Team
- 16 Chile: Popular Support Remains

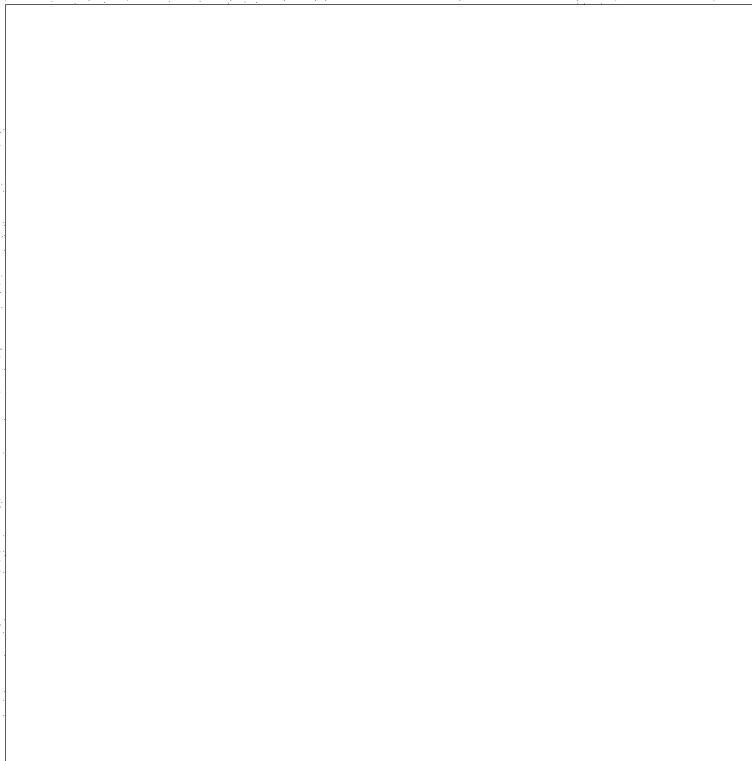
EAST ASIA
PACIFIC

- 17 SEATO: Signs of Discord
- 17 China: Steel Problems

INTERNATIONAL

- 19 The 30th UN General Assembly

25X1



25X1



UPI



Prime Minister - designate Azevedo discusses new cabinet positions with Portuguese leaders

1-5
PORTUGAL: TALKS DRAG ON

Attempts by Prime Minister - designate Admiral Azevedo to form a government reflecting the results of last April's constituent assembly elections are bogged down over Communist demands for greater representation. Meanwhile, anti-Communist officers are strengthening their position in the ruling Armed Forces Movement, and their leader, Melo Antunes, has been confirmed as Azevedo's choice to be foreign minister.

The Communists reportedly have been offered the transportation ministry, but view it as a "poisoned gift" because fare increases are considered inevitable. Instead, they are seeking the ministry of industry and are trying to maintain their influence in the information and labor ministries. They also have demanded the same number of portfolios as the Popular Democratic Party, which received twice as many votes in the election last spring.

Under the new government program outlined by Azevedo on September 13, pluralism would

be guaranteed within the central government and in the state-controlled media, areas in which the Communists have wielded disproportionate influence. If Azevedo follows through on this promise, many Communist and fellow-traveling local administrators stand to lose their jobs. The new program further guarantees that the constituent assembly—which is dominated by the Socialists and Popular Democrats—will be allowed to carry out its assigned task of drawing up a new constitution.

The program on paper would appear to satisfy the EC Nine's requirement for the establishment of a "pluralistic democracy" as a precondition for credits and other assistance for Portugal's stagnating economy. Member countries, however, have been persuaded by France and Germany to adopt a wait-and-see attitude. The composition of the new government should decide the issue, and the new foreign minister could join his EC colleagues for talks on aid as early as October 6-7.

SECRET

SECRET

6-13

The pro-European and anti-Communist military faction led by Melo Antunes continues to strengthen its grip on the Revolutionary Council. The 23-member council will now be reduced to 17-19 members, with cuts coming at the expense of pro-Communist supporters of former prime minister Vasco Goncalves. The council will comprise the president, the prime minister, the armed forces chief of staff, the chiefs of staff of the respective services, the chief of the security forces, six representatives from the army, and three each from the air force and navy. Pro-Communist influence on the council could be limited exclusively to the navy contingent.

The Communists have also suffered reverses in the labor movement, where the Communist-dominated trade union federation has lost a series of recent elections. The defeats, coming at the hands of alliances between the Socialists and radical leftists, mark a significant repudiation by union rank and file of Communist domination. Although further setbacks for the Communists in individual union elections are anticipated, Communist domination of the national federation's leadership is expected to continue for another three years.

As the threat from the Communists appeared to recede, Portuguese leaders were paying increasing attention to a possible move by the right. The Revolutionary Council issued a warning last week to former president Spinoła—whose armed supporters enjoy sanctuary across Portugal's northern border in Spain—not to return. Press speculation about Spinoła's intentions was fed by his ten-day sojourn in Paris, where he reportedly met associates to review the Portuguese political situation and discuss strategy.

Although Spinoła has since returned to Brazil, reports persist that his supporters may try to capitalize on the political turmoil and the prolonged absence of an effective government. The continued failure in Lisbon to come to grips with the country's problems could rally support for a rightist alternative. [redacted]

EC: SUMMER LULL ENDS

The EC foreign ministers resumed activity last week after the customary summer lull. Their recent meetings have been characterized by increased willingness to consult and act together on foreign policy matters and growing interest in the Mediterranean region.

The UN and the Middle East dominated political consultations in Venice on September 11 and 12. The ministers were pleased with their coordination at the UN's Seventh Special Session as it was the first time the EC Nine had managed to maintain solidarity throughout a major UN economic conference. The Nine reviewed the EC position on various UN issues but declined to discuss them publicly in order to avoid subjecting Foreign Minister Thorn of Luxembourg, the incoming General Assembly president, to the charge of being under the control of his EC partners.

After reviewing the results of the European security conference, the ministers established an ad hoc group to monitor Soviet and East European compliance—despite strong French misgivings. The group, working with NATO and other Western states, will prepare for the follow-up meeting in Belgrade in 1977.

The ministers noted that progress had been made on the Euro-Arab dialogue, but reached no agreement on Arab demands to allow the Palestine Liberation Organization to participate directly in the talks or to include political topics on the agenda. Up to now, groups of "denationalized technical experts" have conducted the dialogue. A decision was postponed on a French-backed proposal to call a meeting soon at the ambassadorial level. The "experts" expect to meet again in early November.

The Nine concluded their discussion on the Middle East by agreeing to provide emergency assistance for Egypt. The West Germans committed themselves to a grant of \$50 million for

SECRET

25X1
25X1

Egypt; the other EC states are expected to announce their aid offers shortly.

Prospects for a conference of oil producers and consumers and the situation in Portugal consumed most of the foreign ministers' attention at the council meeting held in Brussels this week.

The EC accepted France's invitation to attend a preparatory conference in October and commended the French foreign minister on his role. The UK, however, continues to demand the right to seek separate representation at the full conference—tentatively scheduled for December—if it does not agree completely with the substantive positions taken by the community.

The council charged its ambassadors in Brussels with coordinating the EC views on the situation in Portugal and asked the EC Commis-

sion to begin drafting contingency plans for providing aid. The Netherlands, Denmark, and the UK wanted the EC to commit itself at once to giving aid, but the French and Germans blocked such a move pointing out that the EC's earlier insistence that Portugal must move toward a "pluralistic democracy" before aid is granted has had a beneficial effect on developments in Lisbon.

Once the EC is convinced that Portugal is on the way to establishing a "pluralistic democracy," the council will invite the Portuguese foreign minister to its next meeting in Luxembourg on October 6 and 7. The Nine will probably decide on the amount of aid at that time.

Greece's application for full membership in the community—which should be submitted by the end of the year—was another topic of discussion. The EC is now considering a financial aid package for Greece of \$300 to \$400 million in grants and loans over a five-year period.

Highlighting the inevitably increased difficulty in achieving unanimity among EC members that Greek membership would entail, Irish Foreign Minister FitzGerald stressed the need to move toward routine use of the EC's qualified majority voting system at the earliest opportunity.

Turkish Foreign Minister Caglayangil, meeting with the ministers on September 16, expressed his concern over the speed with which Greece's application for full membership was being processed. The community assured him that Turkish interests would be protected and that the EC would take no action to impede Turkey's progress toward eventual EC membership.

The ministers also stressed their concern over the lack of progress in the Cyprus negotiations and their interest in playing a more active role in mediating the dispute. They were rebuffed, however, by Caglayangil, who linked his rejection of their mediating role to the Nine's unwillingness to make a direct demarche to the US on ending the Turkish arms embargo.

25X1

25X1



Foreign Minister Caglayangil

UN

SECRET

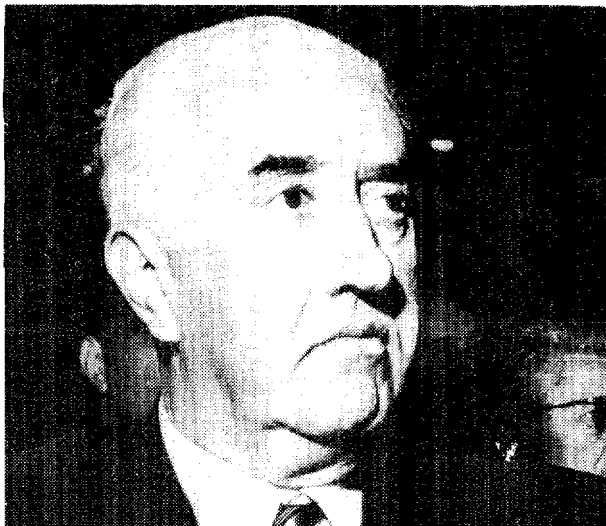
25-28

USSR: FOCUS ON CHINA

In recent weeks, the Soviet central press has been paying more attention to China, in part because of the unsettled internal situation there. Some of the commentary is targeted at non-communist Asians like the Thais, the Filipinos, and the Japanese, and some is clearly intended for an international communist audience.

Red Star on September 11 carried an article on the "dictatorship of the proletariat campaign," which recounted Mao's success in making the army serve as executor of his anti-socialist domestic policies and implicitly called upon the army to resist assuming that role. The central press has withheld authoritative comment, however, on the newest Chinese campaign centering on the novel "Water Margin."

The Soviets probably do not know exactly what to make of the latter campaign, particularly those aspects that relate to the Soviet Union. Soviet officials have been saying little about it, beyond reiterating the public line that it is evidence of instability in China and factional strife exacerbated by the problem of succession to Mao.



Premier Bijedic

CAS

Moscow has not yet taken note of a recent Chinese article that can be interpreted as a defense of Lin Piao. This is hardly surprising, however, as Moscow has generally been careful to avoid giving the Chinese ammunition for the charge that Lin was pro-Soviet. In fact, while the Soviets frequently allude to the existence of positive (read, pro-Soviet) forces in China, they almost never get specific.

Moscow is clearly worried that in the wake of the communist victories in Indochina a number of Asian countries have concentrated on establishing or upgrading their ties with Peking. *Pravda* on September 10 carried an authoritative article warning the Japanese of the "severe" consequences of concluding a peace treaty with China containing an anti-hegemony clause. The article doubtless was prompted by rumors that negotiations on the peace treaty are to resume shortly. Moscow is not sanguine about its prospects of persuading Japan to delete the anti-hegemony clause from the Sino-Japanese treaty, but is talking tough in order to give the Japanese pause. *Izvestia* on September 11 carried an article that seemed targeted mainly at South and Southeast Asians.

Moscow has also increased its anti-Chinese polemics for the edification of the world communist movement. The party theoretical journal *Kommunist* in mid-August carried an editorial article on China setting the line on Chinese internal and external developments for agitprop types and wayward thinkers like the Romanians and Yugoslavs. The Romanians and the Yugoslavs, not surprisingly are ignoring the message. In fact, Bucharest underscored its ties to Peking by sending party secretary Ilie Verdet to China early this month, and Belgrade may send Premier Bijedic to China in October. Verdet was the highest ranking Romanian visitor to Peking since Ceausescu went there in 1971, and if the Bijedic trip materializes, it will be the highest level exchange ever between Peking and Belgrade.

25X1

SECRET

Page Denied

SECRET

39

LEBANON: FIGHTING SHIFTS

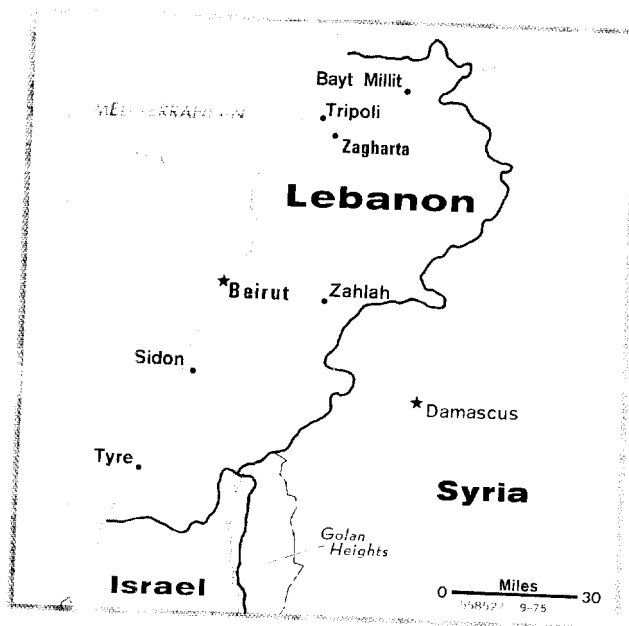
Clashes between Christians and Muslims spread from northern Lebanon to Beirut this week, straining the internal security services and raising the prospect that the army might have to be called in to help restore order. Two cease-fires were negotiated at the end of the week, but tensions remain high and the pacts are threatening to break down. On September 18, the government radio announced—for the first time since the sharp clashes of late June—that no city streets were safe. All residents were urged to remain in their homes.

Fighting has been especially intense in the southeastern part of the city, where a Muslim suburb abuts a Christian area controlled by the right-wing Phalanges Party. The Phalangists, who were deeply involved in the fighting last June, stepped in on September 17 because the government—from which they are excluded—has not called in the army. The sizable Phalangist militia quickly became involved in firefights with Libyan-backed Lebanese leftists and radical fedayeen.

Interior Minister Shamun has threatened to call in the army if the clashes do not end soon, but he has been opposed by Prime Minister Karami and Palestine Liberation Organization chairman Yasir Arafat. Karami and Arafat are apparently still hoping that joint action by Lebanese internal security forces and the Palestinians will be sufficient to restore order. The Lebanese cabinet has been meeting daily to consider whether to use the army but has put off any final decision.

Despite the reluctance of Lebanese Muslim and Palestinian leaders to turn to the army, both, according to press reports, have been consulting on contingency plans for just such a move. Beirut newspapers have speculated that an agreement may be reached under which PLO forces will work with the army as they have done in northern Lebanon. Some army units have already been mobilized.

The cabinet this week announced creation of a "Committee of National Reconciliation" to arrange talks among the leaders of the country's



political and religious factions. The members of the committee are the same politicians who have been meeting daily in the cabinet, however, so it is not likely that the new group will come up with any dramatic initiatives.

Fighting in the Tripoli and Bayt Millit areas of northern Lebanon died down this week as leftists gradually implemented the provisions of the "truce" negotiated on September 16. The radical-leftist October 24 Movement has released most of the several dozen Lebanese policemen it seized last weekend, and Christians and Muslims in the area are negotiating through intermediaries to better define the buffer zone that separates the Muslim city of Tripoli from the nearby Christian town of Zagharta.

Among the by-products of the current turmoil has been an increase in the influence of Yasir Arafat in Lebanese domestic politics. President Franjyah has played little role at all. Franjyah, who to Muslims is a symbol of Christian intransigence, has lost the initiative in government councils to Karami and Shamun, and critics are calling for his resignation. Franjyah's six-year term expires next year.

25X1

SECRET

SECRET

35-37

EGYPT: VIGOROUS DEFENSE

President Sadat is continuing to take the offensive against Arab and Soviet criticism of the second-stage Egyptian-Israeli disengagement agreement. His propaganda counterattacks are winning broad support at home, but the accord has made him more vulnerable to attempts at subversion or assassination by radical Arabs. His defense of the accord is likely to spur increased Arab terrorism against Egyptian targets. The siege of Egypt's embassy in Spain this week is a case in point.

Angered by continuing Palestinian criticism of the Sinai accord, Sadat last week terminated the Palestinian-run Voice of Palestine radio program that had used the facilities of Cairo radio. The Egyptians have replaced it with a broadcast whose content they control themselves. Although the new program ostensibly broadcasts on behalf of the Palestinians, it has devoted most of its time to praising Egypt and the disengagement agreement.

The Egyptians had warned leaders of the Palestine Liberation Organization during the disengagement negotiations that further attacks on Egypt, on the US, or on the accord itself would result in a crackdown on Voice of Palestine. The Egyptian action has brought even more accusations from the Palestinians. The PLO, voicing a real fear and perhaps also attempting to hide its embarrassment, has charged that the silencing of its program was part of a secret agreement between Egypt and Israel.

Sadat and the Egyptians have also turned their wrath against the Soviets and Syria. Sadat said bluntly in an interview last week that "no person with dignity" can deal with the Soviets,

and he has repeatedly charged Moscow with instigating the Arab attacks on Egypt.

In his criticism of Syria, Sadat has concentrated on the Baath Party rather than on President Asad and has derided the Syrians for falling for Soviet propaganda and assuming that the Sinai accord signifies Egyptian abandonment of the Arab cause. Following Sadat's lead, the Cairo press has carried the attack further, charging that Syria is seeking arms and financial aid by portraying itself as having been left alone and unprotected.

25X1

The propaganda attacks and counterattacks are having a sobering effect on some Arabs.

Many Arabs are undoubtedly disturbed by the spectacle of the principal front-line Arab parties at each other's throat, and mediation efforts are thus likely. No similar concern or desire to quiet the dispute is evident, however, among the less responsible Arabs. The attack on Egypt's embassy in Madrid on September 15 was a deliberate effort to highlight Palestinian opposition to the Sinai agreement and to fuel anti-Egyptian sentiment.

25X1

The fedayeen who seized the embassy, took the Egyptian ambassador and two aides hostage, and demanded that Egypt renounce the Sinai agreement apparently created a special group for this operation. The four attackers are not known to have been affiliated with any established Palestinian organization. Although PLO leader Yasir Arafat condemned the operation, the attack on the embassy is an omen of what is probably in store for Egypt.

25X1

SECRET

SECRET

48-51

ETHIOPIA: FIRST ANNIVERSARY

The celebrations marking the first anniversary of the deposition of the late Emperor Haile Selassie were held last weekend without any major announcements being made. It had been long rumored that the ruling military council would use the opportunity to shake up the leadership and structure of government. With security tightened in Addis Ababa and in the Eritrean provincial capital of Asmara, the Eritrean rebels made no attempt to disrupt the ceremonies, although they did destroy a US Navy communications facility near Asmara in attacks on September 12 and 13.

General Teferi Benti, nominal head of the military council, held center-stage during the ceremonies, delivering two major speeches and making himself available for a rare news conference. After ticking off the changes already introduced by Ethiopia's socialist regime—including the dismantling of the country's feudal order, the nationalization of financial institutions and some industries, rural and urban land reform, and setting up the student-run rural development program—Teferi then looked ahead. He indicated that in the offing are administrative decentralization, the restructuring of the bureaucracy, new rules on income, and a widespread program of "political education."

General Teferi's speeches carried no specific commitments about the establishment of a political party or the military's intention to transfer power to civilian hands. This led to some antiregime sentiments being expressed, largely by students, during the five-hour parade on Saturday. Teferi did say, however, that the military council was establishing—perhaps as a substitute for a party—a political coordination committee "to arouse and prepare the masses politically and lead them in revolutionary democracy."

On the subject of Eritrea, Teferi reiterated Addis Ababa's "unflinching policy" that the Red Sea province will remain an integral part of Ethiopia. His earlier promises of administrative decentralization were obviously meant as an olive branch to Eritrean moderates. At the same time,

Teferi took the opportunity to castigate the Arab governments supporting the separatists. He also sought to harden the resolve of Ethiopians to hold on to Eritrea.

The Eritrean rebel attack on the US Navy facility, about 12 kilometers southwest of Asmara, resulted in the kidnaping of two US military technicians and six Ethiopian employees. It is still not clear which faction of the rebel movement was responsible for the attack. Rebel spokesmen in Beirut have threatened the death of the US prisoners and additional attacks on US facilities around Asmara unless a list of demands centering on an end to US support for the Addis Ababa regime is met. The insurgents who carried out the raid have not yet been heard from.

Two US civilian technicians attached to the communications facility and kidnaped last July are still being held by insurgents, reportedly belonging to the Popular Liberation Forces faction.

25X1

52-54

INDIA: AWAITING THE VERDICT

The Indian Supreme Court is expected to decide soon on the legality of a constitutional amendment, retroactively exempting a prime minister's election from judicial review. The measure was rushed through parliament last month. The court's approval of the amendment would negate Prime Minister Indira Gandhi's conviction last June for campaign violations in 1971—the event that led to her assumption later that month of extraordinary powers under a state-of-emergency proclamation.

While many legal experts in India regard a victory for the Gandhi administration as likely, a decision the other way remains a possibility. A ruling by the court voiding the amendment would, of course, be a defeat for Gandhi, but it would not be a major blow to her chances for

SECRET

SECRET

political survival. Other legislation designed to protect the Prime Minister's position, passed by a compliant parliament since June, would have to be overturned, and she would also have to lose her appeal of her conviction before she would be in serious political trouble. It is most unlikely that Gandhi would lose on all cases before the courts.

Gandhi's legal battles may encourage her to propose major changes in the structure of the government. She has made it clear that she regards the judiciary as representing a privileged minority while the legislature represents "the people." The Congress Party's large parliamentary majority would give her a means to alter India's governmental structure, either by amending the present constitution or by adopting a new one.

In the meantime, if Gandhi wins a favorable Supreme Court ruling on the controversial amendment, she may further relax some controls imposed earlier on the press and her political opponents. The publicized release last week of a prominent Indian journalist together with government claims that numerous persons imprisoned since June have already been freed reflect New Delhi's sensitivity to charges of repression, particularly from abroad. The government's moves may also have been made in anticipation of the ruling by a lower court on September 15 that requires the government to provide specific charges when arresting critics. The ruling, made on behalf of the already released journalist, could lead to thousands of similar demands for release from persons jailed under the emergency regulations.

At present, very few Indians are openly critical of the emergency. Some are uneasy, particularly in the national capital where income tax authorities are assessing possessions of senior government officials and businessmen, and numerous civil servants are being fired for poor performance. Elsewhere, however, satisfaction with the results of the new regulations is the prevailing reaction. The bureaucracy appears more responsive and efficient, college campuses are quiet, prices have stabilized, and organized

labor is generally more peaceful and productive. Many intellectuals resent the emergency, but few are willing to court arrest by publicly denouncing it. Gandhi may seek to capitalize on the situation and call parliamentary elections in the next few months.

Gandhi's 20-point program for socio-economic reform, announced in July, is viewed skeptically by most, but at least for the moment it offers some hope to the poor. Improving short-term economic prospects—largely because of ample rainfall and the likelihood of a near record fall harvest—should lessen pressure on the Prime Minister to implement her reform proposals. The important middle-class farm lobby already appears confident that its interests will not be jeopardized by Gandhi's proposals for land reform and debt relief.

25X1



Prime Minister Gandhi

AP

SECRET

SECRET

55-56

ZAMBIA-ZAIRE: TRANSPORT PROBLEMS

Zaire and Zambia have been forced to expand traffic on alternate routes for their foreign trade because of the closing last month of the Angolan port of Lobito. These routes have not proved able to provide the needed speed in shipment, however, and the two countries will continue to face difficulties even should Lobito again become fully operational.

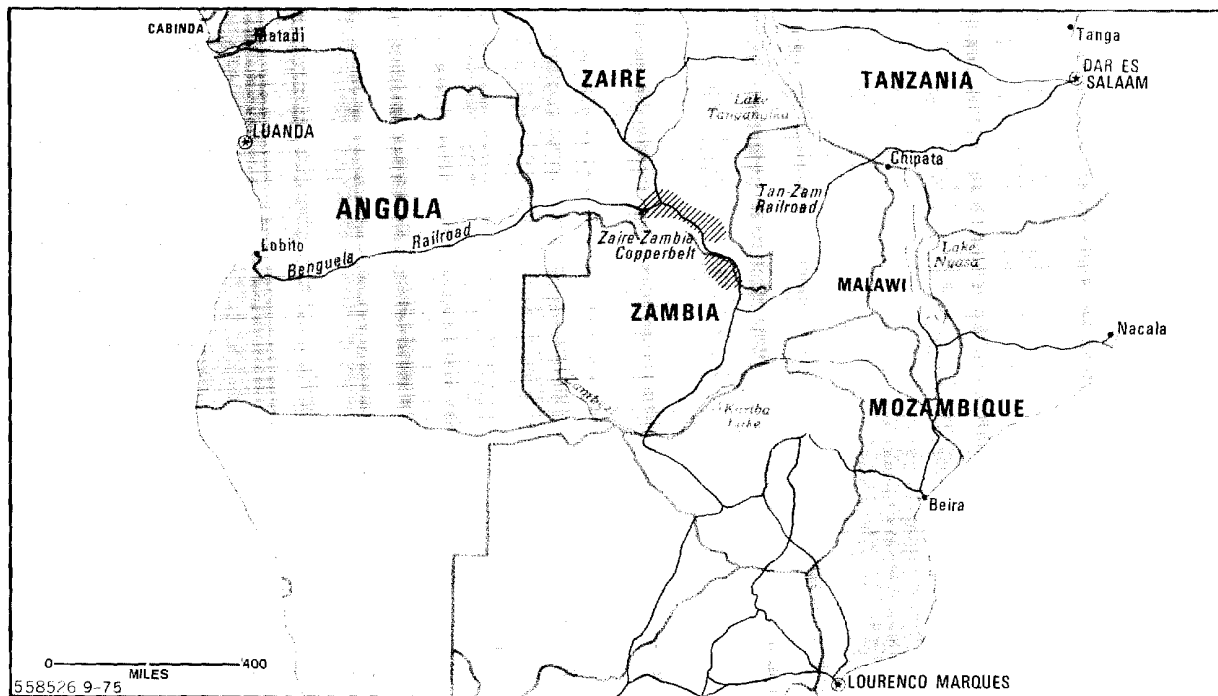
Recent fighting near the port and along the Benguela railroad, which connects the port with the Zaire-Zambia copperbelt, brought Lobito's operations to a halt in mid-August. At the time, ships were already waiting as much as six months for berths, and even if current efforts to reopen the route are successful, delays of four or more months are likely.

Lobito handled about 40 percent of Zaire's and Zambia's overall trade—including more than one third of each country's copper exports. Copper exports account for about 95 percent of

Zambian and 65 percent of Zairian export earnings. The closure has also affected imports to these countries, curtailing Zambia's by 25 percent and Zaire's by 15 percent. Zaire's imports would have declined even without the port closure, however, because of foreign exchange shortages.

Lobito reportedly was reopened this week. Some ships are discharging cargoes, and shipments of copper already at the port are likely to resume in the next few weeks. The Benguela railroad, however, is still closed, although it has apparently escaped serious damage. The Popular Movement for the Liberation of Angola is investigating ways to restore its operation. Zambia probably will not immediately dispatch copper along the rail line when it opens because of Lobito's congestion and the risk of renewed fighting.

Zambia and Zaire do not have an acceptable alternative for moving traffic diverted from



SECRET

Lobito. Zairian plans for moving its diverted traffic are unknown. Copper exports from Zambia via the new Tan Zam railroad were scheduled to begin arriving at Dar es Salaam on September 14. Zambia would have to send 50,000 to 60,000 tons this month by rail and road to the Tanzanian port to maintain its previous level of shipments. This plan is unlikely to be fulfilled, however, because of port congestion—nearly 64,000 tons of cargo are backlogged at Dar es Salaam and current delays of two weeks are likely to increase.

The port of Tanga in northern Tanzania is also being used as an alternative to Angolan ports, but it will become congested soon. Tanga and Dar es Salaam will handle the bulk of imports destined for Zambia as well as some of the copper exports.

Zambia's other road outlets to east African ports will be able to handle little of the diverted exports. Road routes through Malawi and Mozambique to the ports of Beira and Nacala could add about 20,000 tons a month. Actual tonnage carried will be less because of a shortage of trucks.

The expanded use of Lourenco Marques in Mozambique for diverted trade depends on a political settlement with Rhodesia, through which rail and road routes extend. For the future, Malawi has offered to build a new railway from its existing network to the Zambian rail system at Chipata. Zaire is also considering plans to improve its own railway links as well as its port at Matadi. Zambian and Zairian economic problems, however, will delay completion of these projects for some years.

25X1
25X1

57

ANGOLA: REVIEWING OPTIONS

An uncharacteristic lull settled over troubled Angola during the past week. Although the Portuguese, the rival liberation groups, and neighboring African heads of state involved in the problem are feeling the pressure of the approaching deadline for independence, November 11, they all appear to be assessing the

situation and reviewing options for advancing their interests in the final weeks before Portuguese rule ends.

Lisbon is more anxious than ever to transfer sovereignty over the territory, but remains concerned that the government that assumes power on independence be accepted as broadly representative. With the formation of a new transitional coalition including all three nationalist groups virtually ruled out because of the unyielding rivalry between the National Front for the Liberation of Angola and the Popular Movement for the Liberation of Angola, Portuguese officials in Angola now appear ready to accept a two-party coalition composed of the Popular Movement and the National Union for the Total Independence of Angola. Between them, the two groups can claim to represent some 80 percent of the population. Most Portuguese have serious doubts that the National Front, now isolated in northern Angola, can ever function as a viable national political organization.

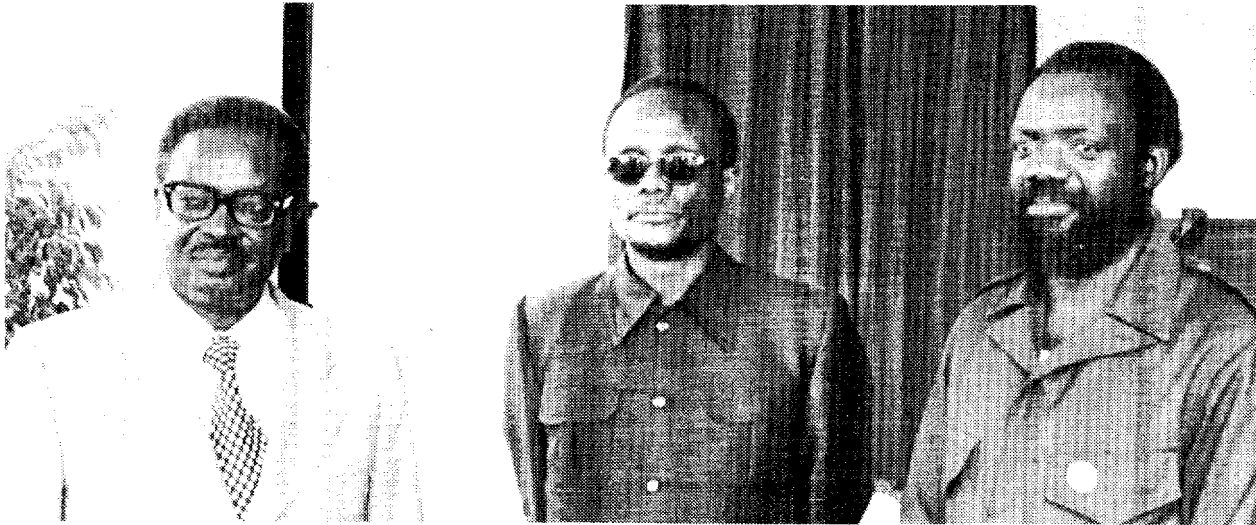
Portuguese attempts to promote a deal between the Popular Movement and the National Union have so far made little headway because of National Union leader Jonas Savimbi's distrust of both the Popular Movement and the Portuguese. Savimbi can no longer count on his military alliance with the fading National Front to give him bargaining leverage, however, and may ultimately be forced to accept a coalition with the Popular Movement. In that event, he will seek guarantees that the Popular Movement will not move against his group militarily following independence.

The Popular Movement, for its part, is also not interested in such a coalition at this time. Although it does not control all of Angola, the Movement is the dominant military and political organization in the territory by virtue of its military successes in the past few months, and its leaders apparently have concluded that Portugal will have no choice but to turn the territory over to them. If Lisbon balks at such a choice, the Popular Movement will then have to choose between coalition with the National

SECRET

SECRET

AP



Agostinho Neto of the Popular Movement (l), Holden Roberto of the National Front (c), and Jonas Savimbi of the National Union

Union or a seizure of political power in its own name.

Lisbon has recently sent out signals that it might decide to turn the Angola problem over to the UN, although this may be simply a ploy to pressure the nationalist groups to negotiate their differences. African states probably would strongly resist a UN role in Angola.

Early this past week, Portuguese President Costa Gomes requested General Amin, the current chairman of the Organization of African Unity, to step up the organization's efforts to send a reconciliation council to Angola to work out a peaceful solution with the nationalist groups. Such a council was called for at the OAU summit in Uganda last July, but was rejected by the liberation groups at the time.

Leaders of neighboring African states, who have a direct interest in bringing about a peaceful transition to independence, are divided among themselves on how to proceed. The presidents of Zambia, Tanzania, Mozambique, Botswana, and the prime minister of Congo met on the problem in Lusaka, Zambia, last weekend. The meeting, which was boycotted by the Angolan nationalists,

ended inconclusively, largely because Tanzania's Nyerere and Mozambique's Machel pushed—unsuccessfully—for recognition of the Popular Movement. In an effort to show that they had agreed on something, the participants announced they would send investigating commissions to Portugal, Zaire, and Angola.

With the exception of some skirmishing in the north between the National Front and the Popular Movement, no major military actions have taken place since the Popular Movement forced the National Front out of its stronghold at Caxito two weeks ago. The National Front has dug in at Ambriz, a major base on the northern Angolan coast.

Portuguese officials in Angola are giving most of their attention to the evacuation of whites. They hope to complete the evacuation of some 50,000 whites from Nova Lisboa by early next month. In addition, there are about 150,000 whites awaiting evacuation in Luanda and southern Angola. Lisbon plans to augment its airlift with sealift operations from southern and central Angolan ports as soon as possible.

25X1

SECRET

SECRET

58-66

COLOMBIA: PRESIDENTIAL VISIT

President Lopez' state visit to Washington next week comes at a less than auspicious moment for him. Colombia is plagued by a serious economic slump, a rash of guerrilla kidnappings and murders, and an acute urban crime wave—all of which have prompted the President to declare a nationwide state of siege. He also weathered the first serious political storm of his 13 months in office last week when the opposition members of his coalition government attempted briefly to leave the administration. In the area of bilateral relations, there are currently several signs of friction between Colombia and the US. Lopez will try to put these poor reflections in the shadow with a show of advising President Ford on US relations with other countries in the Americas. This would further Lopez' efforts to cast himself as a leader in the Latin American community.

Lopez has been beset with problems almost from the moment of his inauguration in August 1974. The popular support evident in his large election victory began to slip away when his imposition of emergency economic controls put lower income sectors in a financial squeeze. In large part reacting to such hardships, the military high command at that time began pressing the President to find a quick and equitable cure for the country's economic ills. Although the officers recognized that most of Lopez' problems were inherited from the previous administration, they nevertheless demanded stop-gap measures, even at the expense of more economically sound long-term policies. This stand by the armed forces leaders was matched by their reluctance to help police control cost-of-living demonstrations by students and the poor, unless such control was legalized by a state of siege declaration.

Eventually, in June, Lopez was obliged to issue the declaration, but not until he had relieved several of the most prominent dissenting officers—including the army commander—of their commands. Since then, opposition to his policies within the military has diminished, but the economic problems have not. On the contrary, spawned at least in part by those problems, a

wave of crimes against property has swept Colombian cities, and long-simmering guerrilla activity has erupted in many rural areas. Last week, Major General Ramon Rincon Quinones, the extremely popular inspector general of the army, was assassinated in Bogota by pro-Havana guerrillas against whom he had directed operations prior to his staff assignment.

Lopez' position may have slipped another notch as a result. The Rincon killing has rekindled the military's interest in playing a policy-making role, abetted perhaps by the government's continued inability to ease the problems of inflation and crime. In addition, sensing Lopez' gradually weakening position, the opposition Conservative Party has thrown down the gauntlet in preparation for next year's midterm election. Just days after Rincon's death, outspoken Conservative critic Bertha Ospina launched a tirade against the alleged corruption of Lopez and his closest advisers, paving the way for the Conservatives' 6



President Lopez

CRS

SECRET

SECRET

cabinet ministers and 11 governors to submit their resignations in a short-lived demonstration of politics as usual.

Understandably, Lopez is no longer the picture of self-possessed moderation that was his calling card when campaigning. Stung by a *New York Times* editorial characterizing Colombia as a major source of illicit drugs in the US, Lopez charged last week that the US government is unable to "keep US criminals from turning our country into a site for their operations." Such resentment as this is likely to be evident, although more restrained, in Lopez' conversations with US officials next week. It may also color possible talks on other matters reflecting bilateral friction: separate proposals to nationalize foreign banks and pharmaceutical companies and Colombia's speedily developing diplomatic and commercial relations with Cuba.

Lopez will come to Washington convinced of his importance to the US as president of one of Latin America's few authentic democracies. Despite his pluralistic policy of maintaining relations with countries of all ideologies, he is a firm friend of the US. He is also inclined to be an advocate for the US in the leadership role to which he aspires in those regional forums from which many countries in the hemisphere would prefer to see the US withdraw.



25X1

In addition, the government has asked other Central American countries to provide troops for Guatemala in the event of a conflict; responses have been noncommittal.

President Laugerud is still said to be conditioning any military action on a declaration of independence by Belize or a UN resolution unfavorable to the Guatemala position. Because of the well-founded fear of Guatemalan intervention, Belize is not likely to declare independence in the absence of a defense guarantee from Britain. The British, who are gradually disengaging from the Caribbean area, do not want the albatross of such a guarantee, but they cannot walk away from a defenseless former colony facing an aggressive Guatemala.

Belize appears inclined to make a major push for support at the UN, feeling that the Guatemalans are on the defensive after the non-aligned conference in Lima rejected their position last month. A Belizean cabinet minister is currently canvassing UN delegations in New York for potential backing on a resolution supporting Belize's independence. The British have decided not to discourage Belize from raising the issue at the UN but say they will work to keep any such resolution moderate in tone.

Although the Guatemalans appreciate the political and logistic problems inherent in an invasion, Laugerud is clearly suspicious of Belizean and British intentions. The arguments of his more hawkish generals are reportedly becoming more and more persuasive. Their consensus seems to be that any UN resolution will go against Guatemala; as a consequence, they may now feel that further negotiations will not get them the territorial concessions they want.

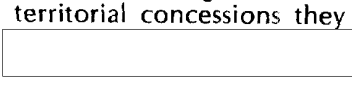
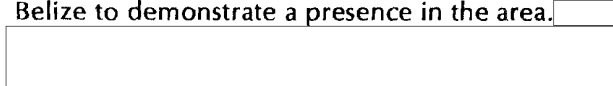
25X1
25X1

67-68; 71; 73-75

GUATEMALA-BELIZE: PREPARATIONS

Guatemala is bolstering its assertions of sovereignty over Belize with increased military activity that could foreshadow an invasion later this year.

Guatemalan officials have told US embassy officers that the navy will regularly patrol off Belize to demonstrate a presence in the area.



25X1
25X1

SECRET

SECRET

76-78

ARGENTINA: NEW POLITICAL TEAM

President Maria Estela Peron's departure for a month's leave of absence may be designed to accustom Argentines to the prospect of a new government or at least test their reactions. Before she left for an air force resort in northern Argentina, military leaders persuaded Peron to grant acting president Italo Luder "full discretion and exercise" of presidential power.

Luder wasted no time in using his newly conferred authority. On September 15, he apparently forced the resignation of Interior Minister and retired Colonel Vicente Damasco, whose appointment last month sparked a major controversy that brought the armed forces into an increasingly prominent political role. At the same time, Defense Minister Garrido also resigned from his post.

Foreign Minister Angel Robledo, who is highly regarded by the military high command, took over the powerful interior portfolio from Damasco. Robledo will also act as foreign minister until a successor is selected. The new defense minister, Tomas Vottero, is a long-time Peronist and former business associate of acting president Luder.

Military leaders believe President Peron's absence will give Luder and his new team a chance to demonstrate that the transfer of executive power need not be unruly. At the same time the officers probably expect that the issue of whether to allow the President to finish out her term, which runs until 1977, will fade during her leave and thus help prolong the relative lull in political ferment that has characterized the past few weeks.

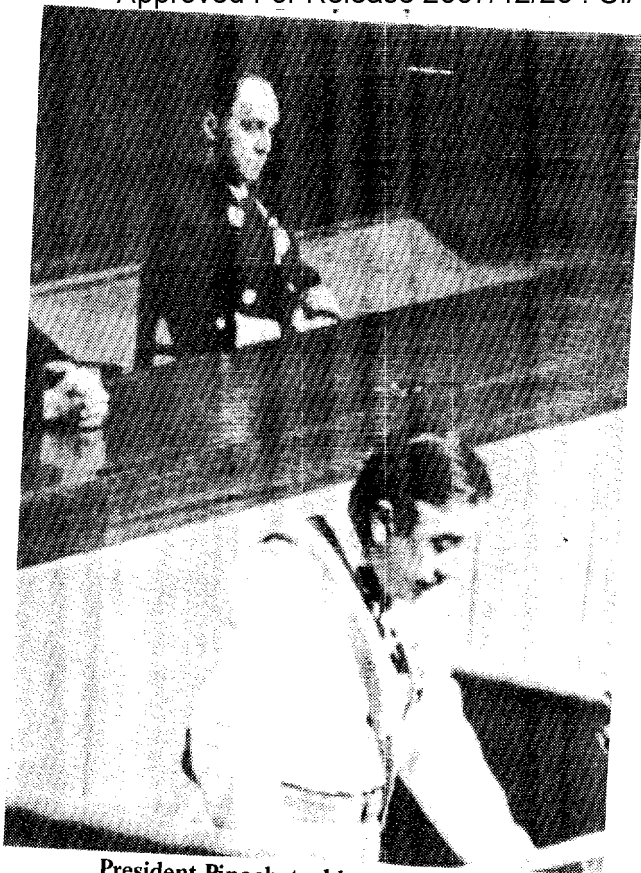
25X1



Acting President Luder (I) with President Peron

UPI

SECRET



President Pinochet addresses the nation;
General Leigh looks on

79-84

CHILE: POPULAR SUPPORT REMAINS

The size and enthusiasm of the crowd in Santiago—estimates range as high as 300,000 persons—that celebrated the military government's second anniversary last week are likely to reinforce President Pinochet's conviction that the junta has chosen the proper path for the country. Although the lower classes were underrepresented at the ceremonies, according to US embassy observers, the crowds appeared genuinely exuberant and the mood was largely nonpolitical.

In his prepared remarks during the celebration, Pinochet gave no indication that the regime intends to change its policies of economic austerity and tight control over civilian political activity. At the same time, in response to continued foreign and domestic criticism of Chile's human rights posture, the President did announce a number of programs that are likely to be viewed by the average Chilean as a loosening of restraints. Pinochet announced that a "council of

state" composed of former presidents and other prominent citizens will be formed to advise the junta on important policy matters; a number of high-level political detainees will be released from custody and be allowed to remain in the country; the state of siege, in effect since the September 1973 coup, will be "reduced" by "one level"; and new constitutional "standards" will be adopted by mid-1976.

Although these programs may to some extent mute domestic criticism of the regime's hard-line policies, they are unlikely to affect foreign criticism noticeably. The President's initiatives are vague and contain important caveats likely to limit their effectiveness. For example, although the lowered state of siege means that a number of criminal offenses now come under joint military-civilian jurisdiction, the most serious crimes—including terrorism—apparently remain exclusively military matters. Also, according to the US embassy's reading of the conditions of release for political detainees, those released continue to be answerable for any civil charges or sentences outstanding against them.

Pinochet's new programs nevertheless suggest an added degree of flexibility in the military's overall scheme for restructuring the nation's political system. Recent strong criticism of the President by fellow junta member General Gustavo Leigh may be causing Pinochet to examine more closely the regime's economic policies and the particularly severe economic plight of the lower classes. Leigh believes that Pinochet is moving too slowly in correcting these economic imbalances, and he will probably continue to press for further policy changes.

Former president Eduardo Frei has reacted cautiously to Pinochet's call for civilian participation in a council of state. Spokesmen for Frei's Christian Democratic Party have stated that further clarification is needed before the former president would agree to join such an organization. It is unlikely that Frei will respond quickly to Pinochet's overture, and at any rate he would demand a clear public statement of the council's role before lending his party's support and prestige to the enterprise.

25X1
25X1

SECRET

SECRET

98-99; 101-102

103-107

SEATO: SIGNS OF DISCORD

A Philippine bid to abolish not only the Southeast Asia Treaty Organization (SEATO) but also to abrogate the underlying Manila Pact of 1954 could become a contentious issue at the organization's annual council meeting. The session is scheduled for New York on September 24. The foreign ministers of the member states—the US, the UK, Australia, New Zealand, Thailand, and the Philippines—normally attend.

During meetings of the preparatory working group, the Philippines proposed termination of the Manila Pact when SEATO is phased out as a formal organization in two years. Thailand wishes to retain the Manila Pact because, unlike the Philippines, it has no bilateral security treaty with the US. Prime Minister Khukrit discussed this issue with Philippine President Marcos in Manila in July and came away believing he had Philippine agreement to continuation of the pact.

Philippine Foreign Secretary Romulo appears to be behind the change in the Philippine position as part of the Philippine effort to improve Manila's relations with communist countries. Romulo argues that the pact is outdated and a gratuitous provocation to the communists. In formulating his proposal, Romulo probably was encouraged by comments by Australian Foreign Minister Willesee who, like Romulo, is playing to international audiences by advocating an early end to both SEATO and the Manila Pact.

The US backs Thailand's interest in extending the pact, and the UK will go along even though SEATO is not one of its major concerns. New Zealand sees SEATO as outdated but accepts Thai interest in maintaining it. Even the Australian Labor government, despite its dim view of SEATO and the negative attitude of its foreign minister, will probably accept continuation of the pact.

The Thai will take the lead in trying to get the Philippines to moderate its stand before the New York meeting. The Filipinos may be tenacious, however.

CHINA: STEEL PROBLEMS

The dismal performance of China's steel industry last year is continuing. While industrial production as a whole showed a marked gain during the first half of this year, the steel industry has been singled out by Peking as a major problem area. Production this year is unlikely to improve much over the 1974 level of 23.8 million tons, 7 percent below the level achieved in 1973. Even with corrective measures now in force to boost output, shortages of coking coal and high-grade iron ore as well as steel finishing equipment will hamper the growth rate of the industry for the remainder of the decade.

At least three of China's major steel plants, An-shan, Wu-han, and Pao-tou, have experienced production difficulties this year. These plants, with a combined capacity of about 10 million tons, account for roughly one third of China's total steel-making capacity. Smaller plants such as Nan-chang reportedly have also recorded production shortfalls.

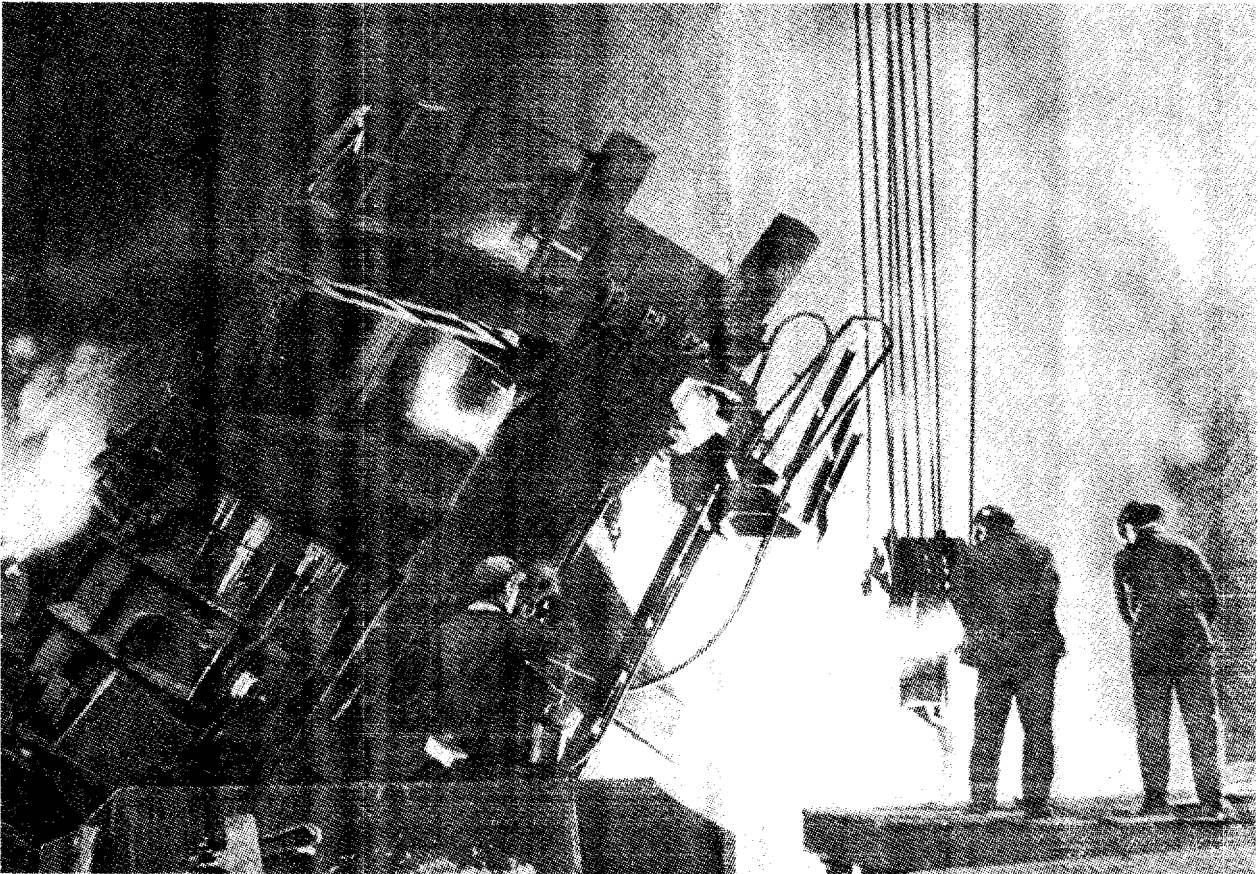
Factors which contributed to the decline in steel production in the second half of 1974 continued into 1975. Dissatisfaction over wages and factional fighting have led to a high rate of absenteeism among steel workers. Managers reportedly have also stayed away from the mills, further complicating the industry's problems.

Labor difficulties also contributed to the coal shortage. More important, however, is China's lack of modern equipment to exploit its huge coal reserves. Peking has imported capital equipment over the last several years, indicating a shift from labor intensive methods. Nevertheless, maximum utilization of coal reserves will not be achieved for many years.

At midyear Peking began to take steps to correct some of the most critical problems in the industry. Two recent central directives have strongly condemned the disruptions of production caused by labor unrest and factionalism. A July *Red Flag* article specifically dealt with factionalism

SECRET

CHINA PICTORIAL



in the iron and steel industry, and numerous press reports have stressed the need for increased effort in the industry. Troops have been sent to the provinces of Chekiang, Kiangsu, and Inner Mongolia to help improve steel or coal production.

China's total steel supply has also suffered because of a decline in imports from Japan. Delayed steel trade negotiations, mainly because of Chinese demands for lower prices, contributed to the decline. In the first six months of 1975, imports amounted to only 900,000 tons, a drop of

more than one third compared with the same period last year. Japan provides 80 percent of China's steel imports.

In June, China re-entered the market for US steel scrap as a means of increasing production. More than 420,000 tons of US scrap were imported by China in 1973. This amount dropped to 190,000 tons after the US imposed export controls 25X1 in 1974. The controls were lifted at the beginning of this year, and Peking imported nearly 100,000 tons of steel scrap in June and July.

25X1

SECRET

108-115

THE 30th UN GENERAL ASSEMBLY

On September 16, the 30th UN General Assembly opened in an atmosphere markedly different from that at most recent sessions. The successful conclusion of the Special Session on economic issues, which adjourned Tuesday morning, showed that cooperation and compromise promise benefits to both developed and developing states and that the major powers are still committed to making the UN work.

The Special Session successfully avoided confrontation even though serious differences remain on such issues as the status of economic declarations issued by the developing states and aid targets. The moderate faction within the group of developing countries finally succeeded in overturning what has until now been the radicals' virtually unchallenged domination of the group.

Other factors pointing to a less antagonistic session are the replacement as assembly president of Algerian Foreign Minister Bouteflika by Luxembourg Prime Minister Thorn and the new Sinai disengagement agreement.

Political Issues

The old East-West political alignment will still determine the outcome of many votes. The vote on UN involvement in Korea will follow the old East-West lines, and it will probably be close.

South Korea's backers have proposed the dissolution on January 1, 1976 of the UN Command—the body responsible for preserving peace and security in the Korean Peninsula—conditional only upon agreement by the North Koreans and their supporters to maintain the armistice agreement. North Korea's supporters have proposed the withdrawal of all foreign forces from Korea and the conclusion of a peace treaty between the US and North Korea, excluding Seoul as a treaty party.

Cyprus and the Middle East are other major political topics likely to be raised at this session.

To a large extent, however, both issues depend on negotiations and events outside the assembly.

The assembly would be faced with a very ticklish issue if Turkish Cypriot leader Denktash continues to insist on equal time before the assembly with Archbishop Makarios, who is scheduled to speak next week.

The issue of financing the UN peace-keeping force in the Middle East may come up, with potentially unsettling consequences. The developing countries want the developed countries to pay more of the force's costs.

Moscow faces a special problem concerning the UN relationship with the latest Sinai accord. The Soviets want to minimize UN endorsement of the accord and in particular want to avoid any action that implies an endorsement on their part of the US presence in the Sinai. The Soviets are not saying what they will do if, as seems likely, the Security Council is called upon to authorize an expansion of UNEF to police the new Sinai agreement. The indications are, however, that they will abstain on this question rather than veto it, an action that would put them on the side of renewed tension in the Middle East.

Soviet Disarmament Proposals

Moscow has chosen detente and disarmament as the themes it will stress at the 30th session. The centerpiece of its campaign this year is a loosely drafted treaty proposing a "complete and general" prohibition of nuclear weapons tests.

The Soviets have portrayed the test ban as part of their post-CSCE effort to cap "political detente" with "military detente." They are also dusting off their earlier proposals for banning manipulation of the environment, calling for a world disarmament conference, and reducing the military budgets of the great powers. The Soviets' purpose is clearly propagandistic and anti-Chinese. It undoubtedly is no surprise to Moscow that the response to its proposals has so far ranged from indifference to hostility.

SECRET

The assembly will be called upon to review the activities of two meetings on disarmament and non-proliferation in the past year: The Non-Proliferation Treaty Review Conference in May and the annual session of the Conference of the Committee on Disarmament.

Colonial Issues

The extent of UN involvement in colonial issues has been drastically reduced because of events in recent years:

- Portugal has granted or is in the process of granting independence to its former colonies.
- Papua New Guinea received its independence Tuesday, leaving the Trust Territory of the Pacific Islands—administered by the US—the only active UN trusteeship. South Africa does not recognize UN trusteeship of Namibia.

Three decolonization issues may, however, be raised at this session:

- Representatives from Belize may attempt to gain assembly endorsement of the colony's demands for independence. Britain is willing to grant the colony independence, but Guatemalan territorial claims complicate such a move.
- Spain is trying to extricate itself from Spanish Sahara, and the UN has already sent a visiting mission to test the aspirations of the territory's inhabitants. Algeria, Mauritania, and Morocco have historical ties with the area and the International Court of Justice is also involved.
- Renewed fighting or further deterioration of the situation in Portuguese Timor could lead to calls for a UN

peace-keeping force or at least refugee resettlement assistance.

Administrative Hurdles

The routine administrative matters of any UN meeting may be more difficult to dispose of this year. The assembly has refused every year since 1970 to accept the credentials of South Africa's delegation. This year, however, Pretoria may not try to take part in the session, but the refusal of credentials may be extended to additional UN members.

Actions at the July meeting in Kampala of the Organization of African Unity and the August conference of the nonaligned states may have defused a campaign led by the Palestine Liberation Organization and Syria to suspend or expel Israel from the UN. A continued stalemate in negotiations on the Golan front, however, may lead to attempts to curtail Israel's participation in the assembly. Cuba may challenge Chile's representation at the session.

Despite earlier Security Council vetoes of their applications for UN admission, both Vietnams are expected to resubmit applications, even though there is little prospect for favorable action at this session.

The assembly may face one of its nastiest battles in electing officers for many UN organs and committees. These positions are allocated on a regional basis, and each geographic group has usually been able to resolve its own disputes.

This year, both the African and Asian groups have competing candidates for one Security Council seat allocated to each region, and the full assembly will be required to decide the election. The Asian contest includes India, Pakistan, and the Philippines, and it could lead to splits in the nonaligned group and the Group of 77, with implications for the cooperation of the developing countries in other areas.

SECRET

Page Denied

Secret

Secret