

McCLELLAN  
6 MAR 74

SENATE APPROPRIATIONS COMMITTEE  
SUBCOMMITTEE ON INTELLIGENCE OPERATIONS

Wednesday - 6 March 1974

10:30 a. m.

Room 1223, Dirksen Office Building

John L. McClellan (D., Ark.), Chairman

John C. Stennis (D., Miss.)

Milton R. Young (R., N. Dak.)

John O. Pastore (D., R.I.)

Roman L. Hruska (R., Neb.)

Staff Members

James R. Calloway  
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Carl Duckett	Deputy Director for Science and Technology
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<div data-bbox="196 867 550 919" style="border: 1px solid black; width: 218px; height: 25px;"></div>	Office of Current Intelligence
George L. Cary	Legislative Counsel

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McClellan

6 MAR 74

5 March 1974

DCI CONGRESSIONAL BRIEFING FOR  
SENATE APPROPRIATIONS COMMITTEE  
10:00 A.M., 6 MARCH 1974  
Room 1223 NEW SENATE OFFICE BUILDING

C O N T E N T S

The Soviet Union and Detente

Soviet Strategic Forces

Soviet ICBMs

ICBM Test Programs

ICBM Characteristics

New Silo Construction

Ballistic Missile Submarines

Antisubmarine Warfare

Strategic Bombers

ABM Defenses

SALT and MBFR Verification

New Soviet Aircraft Carrier

Soviet Reconnaissance Sattelites

Soviet Defense Expenditures

China

Chinese Military Developments

The Middle East

The Oil Situation

Indochina

Thailand

Latin America

Cuba

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5 March 1974

DCI CONGRESSIONAL BRIEFING FOR  
SENATE APPROPRIATIONS COMMITTEE  
6 March 1974

THE SOVIET UNION AND DETENTE

- I. Mr. Chairman, before discussing Soviet strategic weapons, I would like to say a few words about the Soviet foreign policy developments we have come to call detente. The Russians are still holding to this policy, which is increasingly identified with General Secretary Brezhnev. When we speak of their policy of detente, however, a careful definition is in order.
  - A. Detente does not mean a change of heart. Nor does it mean that Moscow has abandoned its basic objectives.
    1. We see continuity most clearly in the strategic field, as will become evident when I discuss weapons development.
  - B. Detente does mean that the Soviets are seeking advantages in their relationships with the West through a new tactic, to which they have committed considerable effort, and prestige.

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II. This new tactic reflects their realization that they are falling behind in the technological race. They have acknowledged to themselves that, if they are to begin closing the gap between themselves and the West, they need to import and absorb large amounts of Western technology.

A. They are trying to do this in a number of ways. One is normal trade. Another is the project method, in which a Western firm contracts to build and bring into operation an entire plant. A third is the exchange of technological data with individual Western companies.

B. As one measure of this effort, Soviet orders for Western machinery and equipment hit \$2.5 billion last year--a 60 percent increase over 1972. The US is a major recipient of such orders, but we by no means monopolize the field. Only some \$435 million of that \$2.5 billion was placed with American firms.

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C. A second factor in Moscow's new tactic is that it sees China as holding a single-minded hostility toward the USSR.

1. Peking has rebuffed all Soviet overtures for an improvement of Sino-Soviet relations, and the border negotiations remain at square one.
2. China devotes the energies of its new diplomacy to countering Soviet policy in every area of international politics.
3. Moscow realizes that this attitude is not just a peculiarity of Mao's personality, which will disappear when he does.

III. Both the economic factor and the Chinese factor are thus fairly long-term ones, and both work in the same direction on Soviet foreign policy.

A. Obviously, normal and amicable relations with the West are necessary if the Soviets are to promote their economic objectives. Major confrontations over Berlin, or Cuba, or the Middle East would undermine the chances for technological gain.

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- B. Tense relations with the West would also expose the USSR to the risk of pressure on two fronts: Western and Eastern. So long as China remains actively hostile, the Soviets have a strong interest in keeping relations with the West on an even keel.
1. In particular, they want to give as little encouragement as possible to cooperation between China and the US--which appears to them as collusion against the Soviet Union.
- C. There are positive political incentives as well. Detente provides a useful climate for the extension of Soviet influence in Western Europe. It also promotes the concept of Soviet equality with the US and Moscow's claim of its right to be involved in all international questions, such as the Middle East.
- IV. These current priorities have some impact on relations with the US. Moscow is no longer so active and automatic in opposing US policy in every corner of the globe.
- A. This has helped, for example, to get a Vietnam settlement and to bring about negotiations

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in the Middle East. It has not, of course, solved major problems in either area, nor do the Soviets intend to do that.

B. Brezhnev's personal prestige is committed to detente. Last year he made his biggest gains with his trips to Bonn and Washington.

1. All Brezhnev's politburo colleagues now acknowledge his preeminent position but he is aware he cannot get too far ahead of them, and must show some fruits of detente.

2. Coping with Solzhenitsyn and other dissidents poses a continuing dilemma of how to square the needs of domestic discipline with foreign policy considerations.

C. ~~Reduced production~~ <sup>made</sup> ~~led~~ the economy ~~to~~ a comeback from a dismal 1972 showing, but Moscow's goal of overtaking the US remains as distant as ever. <sup>Soviet economy still</sup> The USSR still produces only about half as much as the US with ~~total~~ <sup>total</sup> labor force 50 percent larger.

V. Logically, detente should also lead to a further easing of the arms race. But this has not happened



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21 January 1974

DCI CONGRESSIONAL BRIEFING

SOVIET DEFENSE EXPENDITURES

I. I would like to conclude this overview of the Soviet military effort with a brief discussion of a subject that this committee is familiar with--the costs of military programs. Our evidence indicates that the Soviet leaders, too, pay close attention to their defense spending. They apparently believe, however, that their economy is capable of sustaining or even accelerating the pace of defense spending.

A. Our calculations of the absolute values of Soviet defense costs contain uncertainties, but we can depict overall trends in defense spending with some confidence. Since 1960, the trend has been generally upward, increasing at an average annual rate of about 3 percent.

1. For the last few years, however, ruble spending has remained at essentially the same level, reflecting the fact that the

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USSR is between major strategic procurement cycles.

- a. Procurement of weapon systems developed in the 1960s, and now deployed, was largely completed by the end of 1970, and ~~procurement~~<sup>Deployment</sup> of the strategic systems now under development has not yet begun.
2. The USSR recently announced that defense spending would decline by about one percent in 1974. We regard this announced cut as largely a political gesture, rather than an indicator of actual spending.
3. Our estimates of Soviet spending for 1974-- which are based on observed and projected changes in military and space programs and forces--show a slight increase in total defense outlays.
4. Moreover, we expect to see--if not a spending splurge--at least a substantial upswing in Soviet expenditures for procurement in 1975 and 1976. By then, production of the new strategic systems now under development should begin.

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5. The share of total defense funds allocated to military R&D and space has grown steadily over the last five years. In fact, outlays for these purposes have been the fastest rising element of defense spending and now account for about one-third of the total. We expect growth in military R&D to moderate over the next few years, however, as the USSR begins procurement of new strategic systems.
6. As for manpower, the Soviets devote about 37 percent of their ruble defense spending to active military, retired military, and civilians--as opposed to about 51 percent for the United States for these items. The shares for active duty pay and allowances alone are much closer. Nevertheless, the Soviets are able to keep 65 percent more men under arms--simply by paying their conscripts relatively much less than we pay our soldiers. (The comptroller in DoD is using )

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5 March 1974

DCI CONGRESSIONAL BRIEFING

CHINA

I. One can hardly mention the Soviet Union without thinking of China. I would like to bring you up to date on the internal political situation, foreign policy trends, the progress the Chinese are making toward a nuclear deterrent, and chances of hostilities with the Soviet Union.

The Domestic Scene

- II. As you know, the Tenth Party Congress took place last August, and it has given us a new basis for assessing the domestic political scene.
- A. The congress was the shortest since the Communists gained power in 1949, suggesting that the leadership wanted to avoid a full discussion of many controversial policy issues.
  - B. The meeting focused on reconstructing the top organs of the party after the disruptions of the Lin Piao affair and the earlier Cultural Revolution.

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1. The congress adopted a revised party constitution, which deleted a specific reference in the previous version to Lin as Mao's designated successor but did not name a new heir.
- C. The new Politburo, like its predecessor, had-- until very recently--21 full members and four alternates. It is a mix of moderate officials, radical ideologues, military men and elder statesmen--a coalition of divergent interests that seems roughly balanced between moderates and ultraleftists.
1. All of the active members of the previous Politburo retained their positions, and nine new faces appeared.
  2. Earlier this year, one more name was added. Teng Hsiao-ping, a former secretary-general of the party who was purged during the Cultural Revolution and then rehabilitated last year, regained the seat he used to have on the Politburo.
    - a. His reinstatement is an indication that other rehabilitated party and

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government officials who were victims of the Cultural Revolution will again be given positions of responsibility.

D. Chou En-lai is clearly the number two man in China, but he is only one of five vice chairmen elected at the congress.

1. The others are two military men, an aging radical who is largely inactive, and the rising young official from Shanghai, Wang Hung-wen. Wang is only in his mid-thirties, and was a radical during the Cultural Revolution. His elevation is the leadership's acknowledgement that there must be new blood in the highest councils.

2. This group presumably will serve as a collective leadership when Mao dies, although the revised party constitution did not so stipulate.

III. The army's role in politics has been a controversial issue.

A. Army leaders were thrust into politics simply because the party and civil administrations

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were shattered by the Cultural Revolution. As soon as the dust of that phenomenon began to settle, and particularly after the Lin Piao affair, the civilian authorities started to reassert their control over the military.

- B. On New Year's Day Peking revealed a massive reshuffle, affecting the commanders of seven of the 11 military regions and the head of the army's General Political Department.
  - 1. The transfers separated the leaders from their provincial power bases in which all but one had concurrently headed the provincial party committee.
- C. The reinstatement of Teng Hsiao-ping also is important to this move as he has been assigned, even though a civilian, to the party's Military Commission.

IV. Let me, finally, say a few words about "Confucius."

- A. In August 1973 Peking's major propaganda outlets began to feature articles attacking the ancient sage Confucius (around 550 B.C.) and his followers. They were depicted as conservative, tradition-bound forces who were

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successfully opposed at crucial periods of Chinese history by more progressive elements.

1. It is clear that this campaign has direct relevance to what is going on today in China, and that "Confucius" is some actual person. There is much speculation among China specialists--and among the Chinese themselves--about the purpose of the whole affair.
2. Some observers see the campaign as an attempt to reinvigorate the populace with the "revolutionary" spirit so dear to Mao.
3. Another view holds that the campaign is part of a bitter feud between radical and moderate forces in the party's top leadership. The radicals--led by Madame Mao--are said to be attacking Chou En-lai in an effort to protect the leftist policies of the Cultural Revolution.
4. Our analysts see the campaign as the opening round in the succession struggle. They believe Chou En-lai and Madame Mao differ sharply over the conduct of foreign and

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domestic policy, and see the campaign as Chou's effort to keep Chinese policy on the moderate course that he was able to set--with Mao's support--after the Cultural Revolution.

5. Madame Mao has limited political power of her own, but is apparently the rallying point for disaffected elements in the power structure, especially those military leaders who are unhappy over their diminishing political power.

B. The campaign is of major political importance, and could well result in a purge, but we do not believe it will escalate into the chaos of another Cultural Revolution.

1. The Chinese leadership has taken steps to keep the campaign under strict party control.
  - a. In January the Central Committee issued a series of directives, including one that set clear limitations on the conduct of the campaign, such as a ban on attacks on specific individuals.

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b. On February 20, an authoritative editorial in People's Daily warned that the campaign must stay on the "correct course" and must not become "entangled" with "other problems."

2. Chou En-lai, moreover, is in the strongest position of his long career, and he is firmly opposed to excessive measures. At the age of 75, however, Chou will not be around indefinitely. In the meantime, he reportedly is attempting to ease the crushing burden of work he has borne by transferring some functions to Vice Premier Teng Hsiao-ping.

Chinese Foreign Policy

V. Despite the heating up of the internal situation, China's foreign policy remains on course. Major departures from the pattern of the past few years are unlikely.

A. In the last week or two, the Chinese have gone to considerable lengths to indicate officially and unofficially that no such changes are contemplated and that the new relationship with the United States remains intact.

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- B. Chou En-lai in a recent speech sought to damp down Western press speculation that major policy shifts were imminent by emphasizing the controlled nature of the anti-Confucius campaign.
- C. Despite this speculation, we think it likely that the campaign will ultimately reaffirm and reinforce Peking's current foreign policy stance.
  - 1. In the immediate future, however, the Chinese will probably concentrate more on internal than external affairs.

VI. In any case, Chou En-lai's main concern is to counter Soviet efforts to isolate China. One of his and Mao's main weapons is "detente" with the United States.

- A. Secretary Kissinger's visit last autumn gave Peking an opportunity to demonstrate the importance it attaches to detente.
- B. Mao's long meeting with the Secretary--nearly two hours--set the seal of highest authority on the policy of continuing--and improving--relations with Washington.
- C. The Chinese also seem anxious to forestall any significant improvement of relations between Japan and the Soviet Union.

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1. Peking would like to limit possible Soviet-Japanese cooperation in exploiting economic resources in Siberia.
- D. In Indochina, Peking seems to be trying to reduce the potential for friction with the US.
1. It is taking a constructive line in Laos, encouraging the formation of a coalition government.
  2. The Chinese--as I shall discuss later--have also begun to scale down their military presence in North Laos.
- E. US actions and attitudes during the ~~present~~ Mideast fighting seem to have favorably impressed the Chinese.



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- F. Peking was clearly concerned earlier this winter over the possible effects of the embargo on Western Europe. The Chinese do not want to see this area weakened as a counterweight to the Soviet Union.



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DCI CONGRESSIONAL BRIEFING

THE MIDDLE EAST

- I. Turning now to the Middle East, you all know that the Israeli-Egyptian disengagement agreement was successfully concluded on March 4, 24 hours ahead of schedule.
  - A. The entire 40-day disengagement period proceeded smoothly, with only minor and mostly accidental violations. Both sides seemed to take particular care to follow both the letter and the spirit of the agreement.
  - B. The Egyptians now have control of both banks of the Suez Canal for the first time in almost seven years, and they have been proceeding at a smart pace to begin clearing the waterway and rebuilding the devastated cities along it.
  - C. The Israelis are now situated some 15-20 kilometers from the Canal, where they retain control of the strategic Mitla and Gidi passes. A UN buffer force of about 2,000 men has been interposed between the Egyptian and Israeli forces on the east bank.

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DCI CONGRESSIONAL BRIEFING

INDOCHINA

Vietnam

- I. Turning to Indochina, Mr. Chairman, we see that the war in South Vietnam still sputters more than a year after the Paris accord was signed.
  - A. It is worth noting, however, that the level of fighting has dropped since the signing of the accord.
    1. Casualties in 1973, for example, while still high, were down significantly compared with the previous year.
      - a. On the Communist side, they declined from over 160,000 to about 41,000.
      - b. Government losses dropped from 36,000 killed to around 15,000.
  - B. Significant fighting continues, however, and engagements are sometimes intense.
    1. Two of the peak periods last year were just after the cease-fire was signed on January 28th, and just before the second agreement on June 15th that was intended

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to tighten up the ceasefire.

2. In both periods, the fighting resulted largely from last-minute Communist efforts to grab additional territory that they hoped to keep permanently if the cease-fire proved effective.
3. In most cases, however, the South Vietnamese were able to push the Communists back, and Saigon probably controls more territory today than it did when the ceasefire agreement was signed.

C. The larger battles have been fought primarily over remote government outposts in areas the Communists use for supply movement.

II. The question remains whether the North Vietnamese will launch a major offensive in the current dry season, which ends in May.

- A. Hanoi's intention to gain control of the South, by military force if necessary, remains unchanged.
- B. Late last year we concluded, after a thorough examination, that it was a close choice whether an offensive would occur this dry season.
- C. Since then, although analysts still differ, there is general agreement that the chances of an offensive have declined.

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D. Our evidence over the past several months has had many conflicting strands.

1. On the one hand, Hanoi has moved large quantities of war materiel into South Vietnam. It also has more troops in the South than it did at the start of the 1972 offensive.
2. On the other hand, infiltration of replacements for anticipated losses--which in previous years has been one of our most dependable indicators of Communist intentions--has been less this dry season than we might have expected.
  - a. So far only about 35,000 regular combat troops have set out for South Vietnam--mostly for the central highlands and the southern part of the country.
  - b. Infiltration rates have fluctuated greatly in earlier years, but this is an unusually low rate by the standards of the last five years.
  - c. Moreover, it appears that the military conscription effort in the North was smaller in 1973.

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Hanoi could still move enough infiltrators south to sustain an offensive this dry season. In any major push it probably would also use the three infantry divisions now in garrison in the North.

3. Inside South Vietnam, Communist briefers have recently asserted that no offensive is planned this spring.
  - a. One of our best sources, for example, says he was told that while the Communists will intensify the level of fighting in an effort to prevent government inroads and expand their own holdings, there will not be a major offensive.
  - b. Our source added that the Communists intend to emphasize political subversion, rough activities such as recruiting, propagandizing, and terrorism.

III. There is likely to be sporadic fighting, some of it quite heavy, as both sides probe for weaknesses along the ill-defined lines that separate them.

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- A. Early this year, for instance, heavy action occurred in the central highlands, where the Communists sparred with Saigon's forces over several communications routes and key outposts.
  - B. More recently the focus has shifted to the populous delta, where government forces are trying to move into Communist base areas.
  - C. Fighting could increase in the provinces north of Saigon, and there also is always the possibility of heavy fighting in the far north of the country--the only area where Communist combat forces could quickly be reinforced for a major offensive.
- IV. Talks on a political settlement between the Thieu government and the Viet Cong have made little headway.
- A. Both sides have been mainly concerned with gaining propaganda advantage, and have shown little inclination to compromise their positions.
- V. The Thieu government has improved its position vis-a-vis its Communist and non-Communist opponents during the past year.
- A. Senate elections last summer gave Thieu firm control over both houses of the legislature

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for the first time.

- B. The President has continued to develop his Democracy Party to strengthen his political apparatus throughout the country.
- C. A presidential decree on political parties early last year has served to further weaken the already factionalized opposition parties.
- D. The government is implementing a broad program of administrative reforms to improve its performance and standing in rural areas, although the program is behind schedule and its scope has been reduced.

VI. The most serious problem is in the country's economy.

- A. South Vietnam still depends heavily on foreign economic aid, although it has been trying to diversify its sources of aid through agreements with countries such as Japan and France.
- B. Inflation is a chronic problem, and prices rose some 67 percent last year.
- C. The government, however, staved off the most severe threat of serious rice shortages late last year.

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Cambodia

VII. In Cambodia, the Lon Nol government continues to bear up fairly well under Khmer Communist military pressure. The Cambodian Army has pushed back all recent Communist attacks in the Phnom Penh area.

A. The Communists have had only limited success in carrying out plans for coordinated attacks around the capital that were to begin around February 25.

1. They have mounted light attacks against army outposts southeast of Phnom Penh and on the Mekong River's east bank just upstream from the capital.
2. Northwest and south of Phnom Penh, however, the Communists have been forced to surrender most of the gains they made early in the present dry season.
3. The Communists' withdrawal in the south has taken them out of artillery range of Phnom Penh in that area.
4. Although the Communists have interdicted key overland supply routes, they have failed to block vital resupply convoys on the Mekong.

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- B. The Communists' performance in the past few weeks suggests that they may not be able to launch another major offensive against Phnom Penh in the near future.
1. It may take them some time to offset the effects of steady casualties, sickness, and desertions.
  2. Communist offensive plans may also be affected by the need to stockpile new munitions near the front lines. (Hanoi, incidentally, still supplies arms and ammunition.)
  3. In addition, their tactical coordination continues to be weak.
- C. The Communists have also been suffering some slippage in the countryside.
1. Their hold over the population in some rural areas has been weakened by the dispatch of provincial security forces to the Phnom Penh front.
  2. There are also signs of growing villager unrest over harsh Communist control measures.
  3. Local government forces are beginning to exploit this situation by running aggressive

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operations into some of the affected areas.

4. In one such area, 22,000 villagers recently rallied to the government.

D. Despite these encouraging developments, the Lon Nol government is still not out of the woods. But it now appears that it may emerge from the dry season in somewhat better military shape than the Communists.

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Laos

VIII. In Laos, Prime Minister Souvanna failed in his effort to form a new coalition government by the first anniversary of the Laos peace agreement on February 21, but he still hopes to do it soon.

A. Souvanna has made significant progress in resolving disputes over the proper procedure for the coalition's investiture--a key sticking point in the protracted negotiations.

1. The King has finally agreed to invest the government even if it is not presented to the legislature for approval.
2. This is in line with the Lao Communists' view that only royal approval of the government is required.
3. Dissident rightist political elements in the legislature appear willing to go along with this procedure.

B. Souvanna now expects a senior Pathet Lao official to come to Vientiane "very soon" with a definitive list of the Communist ministers for the new cabinet.

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1. He then expects to meet with Lao Communist leader Souphanouvong to approve all nominees for the new government.

C. Thus, the next moves clearly are up to the Communists.

1. The chief Pathet Lao negotiator left Vientiane on February 27 to report the results of his recent talks with Souvanna to Pathet Lao leaders in Sam Neua.

2.



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3. He also showed concern over some lingering procedural difficulties associated with the neutralization of the twin capitals of Luang Prabang and Vientiane.
4. If his superiors uphold these concerns, there will be still more delay in forming the new government.

IX. Hanoi has withdrawn some of its forces since the cease-fire went into effect.

1. As many as four North Vietnamese combat regiments have redeployed from southern

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Laos--at least one has gone back to North Vietnam, and another to the western highlands of South Vietnam.

2. We have also noted the first significant withdrawals of North Vietnamese combat units from northern Laos. Major elements of the North Vietnamese 316th Division went home in December.
3. However, an estimated 55,000-60,000 North Vietnamese troops are still in Laos.

X. The Chinese have also begun to scale down their military presence in northern Laos.

A. Since last fall, virtually all of their air defense forces--as well as the two infantry regiments which deployed to Laos in late 1971 and early 1972--have returned to China.

1. Despite these departures, however, the Chinese are still rotating engineer units in and out of Laos.
2. These road construction and maintenance forces presently constitute the bulk of the estimated 25,000 Chinese personnel in north Laos.

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5 March 1974

BACKUP FOR DCI CONGRESSIONAL BRIEFING

LATIN AMERICA

I. Most of the governments represented at the Latin American and Caribbean foreign ministers' meeting with Secretary Kissinger in Mexico City last month regard the conference as a promising starting point for a healthy new dialogue with the US.



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- B. The two issues that produced the deepest cleavage were the US suggestion that a new "hemispheric community" be formed, and the Cuban question, which arose informally.
1. Some of the more nationalistic governments reject "community" as a possible new vehicle for US domination.



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5 March 1974

BACKUP FOR DCI CONGRESSIONAL BRIEFING

CUBA

- I. The Castro government is beginning its 16th year in power in the midst of a major restructuring of its party and government bureaucracies. This process was begun in 1970 at least partly as a result of Soviet pressure.
  - A. The Cuban Communist Party has been undergoing a reorganization to increase its influence in the formulation and execution of the regime's policies.
  - B. The sweeping reorganization of the upper levels of government in November 1972 freed the top leaders from active involvement in routine matters, and enabled them to concentrate on long-range policy formulation.
  - C. These changes are primarily designed to reduce the economic stagnation and administrative chaos caused by the Castro regime's spontaneous style of decision-making.

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- II. Cuba is expanding its ties with other Latin American governments. At the same time, Cuban involvement in subversive activities is at an all-time low.
- A. Cuba now has diplomatic relations with Argentina, Mexico, Peru, Guyana, Jamaica, Barbados, and Trinidad.
  - B. Venezuela, Honduras, and Panama are trading with Cuba but formal relations do not appear imminent.
  - C. Last fall Cuba's national airline inaugurated a new air route linking Havana to Barbados, Trinidad, and Guyana.
- III. Relations with the USSR reflect Cuba's almost complete dependence on Soviet military and economic support.
- A. There are some signs that Castro is not entirely happy with the situation, but he knows his options are limited.
  - B. During Brezhnev's recent visit, Castro gave his first public endorsement to detente.
    - 1. The Soviet leader apparently convinced him that Moscow's pursuit of detente would not lead to compromise of Cuban interests.

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