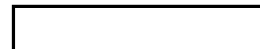
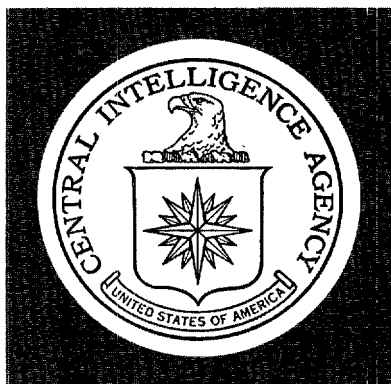


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State Dept. review completed

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No. 0039/69
14 February 1969

Central Intelligence Bulletin

CONTENTS

South Vietnam: Situation report. (Page 1)

Thailand: The government failure to win a lower house majority will not result in any dramatic political changes. (Page 3)

India: Election returns show a continuing Congress Party decline. (Page 5)

Ecuador: The country has demanded a bonus payment from a US oil concessionaire. (Page 7)

Argentina: The government has contracted for two British-built frigates. (Page 8)

France-Spain: Debre's visit to Madrid has confirmed good relations between the countries. (Page 9)

Nigeria: Anti-US sentiment has risen. (Page 11)

Somali Republic: A showdown over the national police commander has been averted. (Page 13)

Czechoslovakia-USSR: Soviet propaganda (Page 14)

Cyprus: Communal incident (Page 14)

Mozambique: Rebel group's leadership (Page 14)

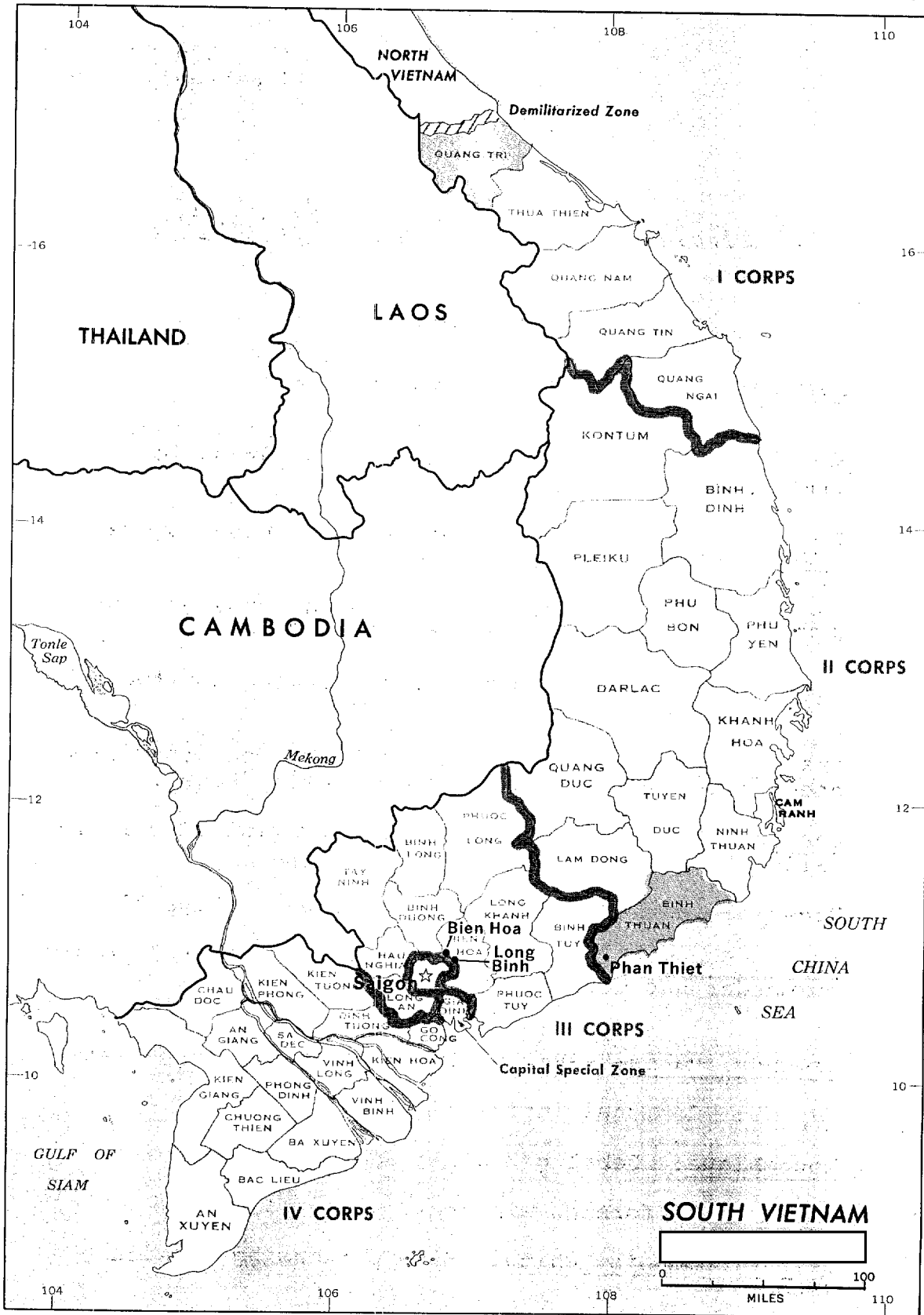
India: New foreign minister (Page 15)

Peru - Communist China: Rice purchasing mission (Page 15)

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[South Vietnam: The Communists yesterday launched one of the heaviest attacks in recent weeks against allied field positions in Binh Thuan Province.

At least a battalion of Communist troops attacked South Vietnamese encampments in a landing zone several miles north of Phan Thiet.

In the rest of the country, the Communists relied on mortar and rocket attacks. Several US Marine positions in southwestern Quang Tri Province were struck and an attempted shelling of the big Bien Hoa - Long Binh military complex in III Corps was frustrated by allied air spotters. Prisoners captured in the Bien Hoa area claim that intensive shelling of the base will be a prelude to a ground assault by the Viet Cong 5th Division.

* * * *

The Viet Cong are registering increased concern over allied psychological warfare efforts. A Liberation Radio broadcast of 9 February called the Chieu Hoi program, the Accelerated Pacification Campaign, and the Phoenix program "highly insidious and dangerous." The Communists claim that the allies are trying to use these programs to "corrupt the revolutionary ideology and ethics of our cadres and combatants and thereby undermine their fighting determination." They seem most disturbed about their cadres being "caught up by illusions of peace" and by the problem of desertions. The broadcast admitted that there had been some desertions but claimed that only "hoodlums and the lowest class men who cherish life and fear death have surrendered, betraying others."

Defections from the Communist ranks have in fact increased markedly within the past few months, especially in IV Corps. Although many of these defectors, as well as the cadres eliminated in the]

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Phoenix program, are low level and easily replaced, the combined effect of all these programs seems to have had a corrosive effect on Viet Cong morale.

* * * *

The South Vietnamese police are keeping a watchful eye on restive youth-student groups in Saigon. Several Saigon University students have been arrested recently for antigovernment and anti-war agitation as well as for Viet Cong terrorist attacks. The prime minister defended the arrests to protesting university faculty circles by maintaining that although the number arrested has been large, only those who were actually engaged in "subversion" are still being held. (Map)]

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Thailand: The government's failure to win a majority in the lower house elections is embarrassing for the military leadership, but it will not result in any dramatic changes in the way Thailand is ruled.

With most votes counted, the government's Saha Pracha Thai Party has won only some 35 percent of the seats in the lower house. Independent candidates, many of whom have ties with the government party, took about 32 percent; the opposition Democratic Party won 25 percent, and the remainder went to splinter parties.

The government party's slim plurality presumably will provide enough justification for the present cabinet to reconstitute itself, possibly with some minor changes, as the new government when parliament convenes next month.

The government should have little difficulty bringing into line enough independents to form a working majority in the lower house. Thailand's military-dominated leadership has made it clear, however, that it will resist opposition efforts to amend those sections of the constitution that severely limit the powers of the lower house. The senate, whose members are picked by the government, has virtual veto power over important legislation.

The election will, however, influence to some extent both the future policies and make-up of the military leadership. Although they will have to tread lightly, opposition elements for the first time in over ten years have a legitimate forum in which to express political dissent.

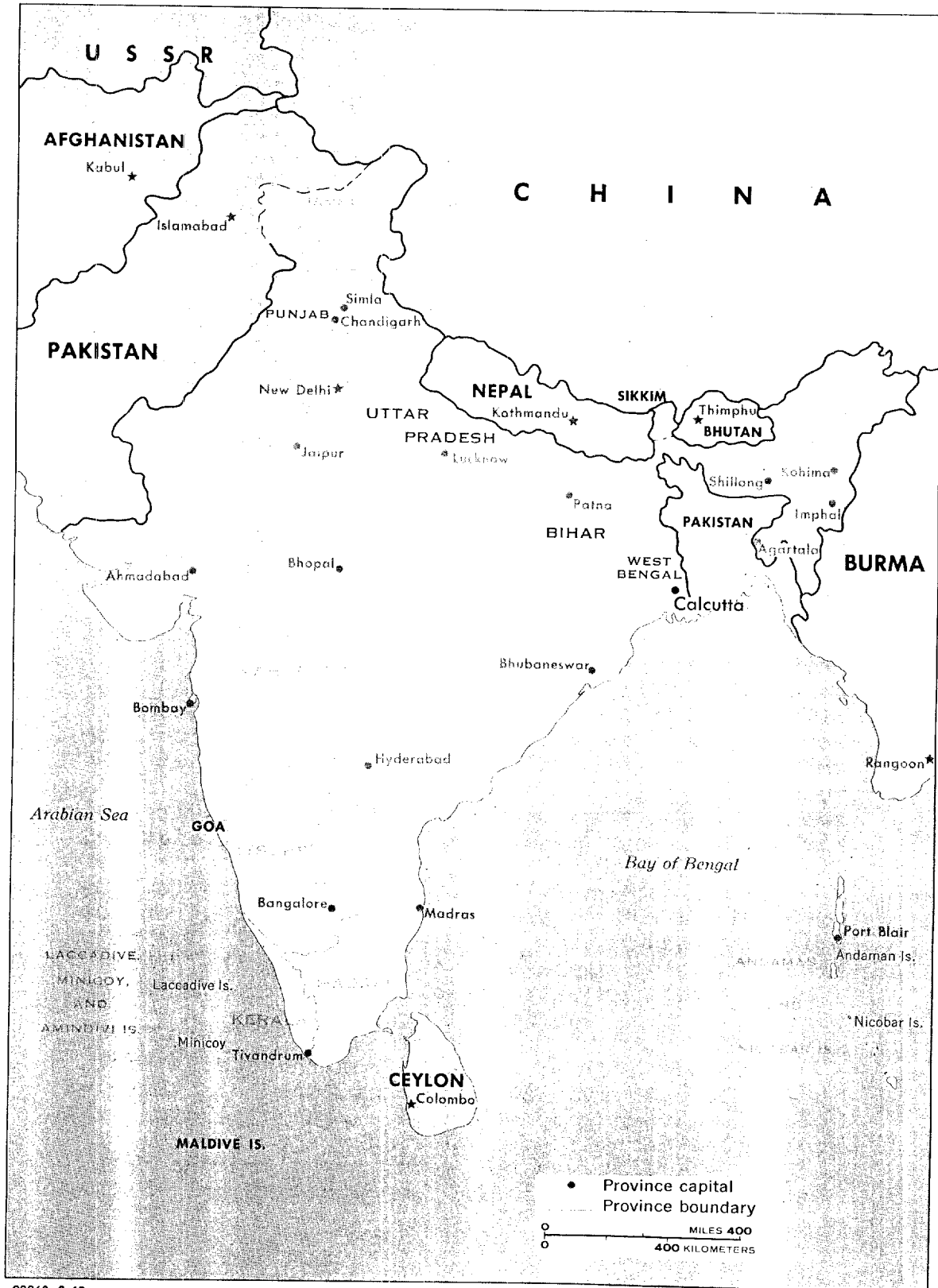
Without a clear mandate from the electorate, the country's leadership will be more solicitous of such views than they would have been otherwise. The government party's poor showing, particularly in Bangkok where it won no seats, may also aggravate factional disputes within the establishment.

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INDIA: Elections Held in Four States



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India: Results from the mid-term elections in northern India show a continuing decline in the fortunes of the Congress Party and prospects for political stability in the area are poor.

Nearly complete returns indicate that the Congress Party has failed to regain a majority of the assembly seats in at least three of the four states where voting took place--West Bengal, Bihar, Uttar Pradesh, and the Punjab--and has even lost its former pluralities in two of these states. In West Bengal, Congress was badly routed by a Left Communist - led coalition. The Left Communists scored a significant victory in becoming the largest single party in the state assembly, although they will fall far short of an absolute majority.

In the Punjab, no single party won a clear majority and Congress came in a close second behind a local communal party. Congress appears close to a majority in Uttar Pradesh and seems to be salvaging a plurality, at least, in Bihar.

The unstable political situation in northern India that forced the new elections is likely to continue. Congress has reversed its longstanding policy against participation in coalition governments in the case of Bihar, but this is unlikely to result in stable rule. In the Punjab, a highly disparate anti-Congress coalition is likely to form the government, but it will probably not have much staying power.

West Bengal, with the Left Communist - dominated United Front commanding a substantial legislative majority, will provide different and serious problems. Tension between New Delhi and the new state administration is likely to develop fairly soon, and a decline in law and order--especially in Calcutta--is possible. New Delhi may seek to unseat

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the new government, but will find it difficult to justify such action unless serious strains develop within the 12-party United Front.

The Congress Party has a slim majority in the national parliament, but the continuing ebb of the party's power across northern India raises serious questions as to how it will fare in the next national election, which must be held within three years. (Map)

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Ecuador: The Velasco government, caught in acute financial difficulties, has demanded a bonus payment of \$200 million from a US oil concessionaire.



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Under its own interpretation of the concession, the Ecuadorean Government has decided to reclaim two thirds of the concession area next month, largely in a search for new income from other oil companies anxious to get into this promising field. Texaco-Gulf nevertheless recently asked permission to construct a 320-mile trans-Andean pipeline from the oilfields to a Pacific port.

On 10 February, cabinet ministers told a consortium representative that in return for a \$200 million bonus the Velasco government would extend the terms of the existing concession and approve the pipeline. Local consortium officials termed the amount "preposterous" but are consulting their head offices about offering a smaller sum that they think would do the trick.

President Velasco's primary worry at the moment is a growing economic crisis; the budget is unbalanced, as usual, and foreign exchange reserves dropped over 20 percent in January. Two finance ministers have resigned in less than a month. Velasco apparently feels, with some justification, that the financial crisis could bring down his government and is desperately seeking a quick solution.

A Soviet trade delegation will arrive in Ecuador tomorrow to discuss the first trade agreement between the two countries and the first exchange of diplomatic representatives.



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Argentina: The government has signed a contract for the construction by a British shipyard of two frigates equipped with missile launchers.

25X1 [redacted] construction will start in late 1969, and the contract provides for the subsequent construction of additional frigates in Argentine yards using Argentine-produced materials. This purchase, and the recently announced decision to buy two submarines from West Germany, are major steps in the navy's plan to modernize its fleet over the next two decades.

Argentina's action could prompt Brazil to press the US for an early decision concerning the procurement and construction of ten destroyer escorts--the first two to be built in the US and the remainder in Brazil. Failing to gain this, the Brazilians too might give serious thought to taking their business to countries other than the US. [redacted]

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France-Spain: Foreign Minister Debre's visit to Madrid last week served to confirm the good relations between the two countries.

The main purpose of the trip, according to French officials, was to bring Spain into a closer relationship with Europe and to speed Spain's modernization. Most of the talks involved training of Spanish technicians, French investments in Spain, and Spanish trade with the Common Market. A new agreement for cultural, scientific, and technical cooperation was signed.

The Spanish foreign minister, according to the French, raised the idea of a withdrawal of the US and Soviet fleets from the Mediterranean. Debre is said to have responded that this was "impossible and unthinkable" in a period of acute tension in the Middle East. He agreed, however, that in the future only fleets of the littoral states should be allowed in the Mediterranean. Press reports had implied that Debre's reply had been more sympathetic.

Such topics as state visits between De Gaulle and Franco, Spanish base negotiations with the US, and Gibraltar, were not discussed.

The visit came as a welcome lift for the Spanish Government, which has been under international criticism for its recent imposition of a state of emergency.

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Nigeria: Anti-US sentiment has risen sharply in the Western State, where general restiveness continues among the Yoruba tribesmen who predominate there.

Recent attacks on US policy in the Yoruba press reflect a deep suspicion about the US role in Nigeria. Many Yorubas interpret US and other foreign efforts to step up relief supplies to Biafra as interference in Nigeria's affairs and as an indication of a decision to give political and military support to the secessionists. This sharp rise in antiforeign sentiment may to some extent have bolstered Yoruba support for the federal government's war policy.

On 12 February, meanwhile, another antitax riot occurred in the Western State. Police and army reinforcements were necessary to quell disturbances directed against a tribal ruler's palace and state government offices. Antitax disturbances reached major proportions last November and December when some 80 people were killed in riots. The rioting tapered off in late December, although a strong current of dissatisfaction remained. Under present circumstances, the possibility that a tax riot could result in violence against foreign citizens or installations has probably increased.

The antitax rioting appears to result primarily from economic discontent and a general dissatisfaction with the corrupt state government and, to a lesser extent, from latent war-weariness. Yoruba political factions are apparently exploiting this unrest in an attempt to oust the present state military governor.

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Federal leader General Gowon probably recognizes the need to take action against the state governor, but has been reluctant to do so. He probably fears that federal intervention would only complicate the problem of dealing with the competing Yoruba political factions. [REDACTED]

[REDACTED]

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Somali Republic: Somali Prime Minister Egal and Minister of Interior Yassin have backed away from a showdown with the able national police commander, General Abscir.

Abscir, who has directed the national police since 1960, gave notice of his intention to resign after the sudden publication last week of a presidential decree transferring all authority for police assignments to Yassin. More basic, however, is the fact that Abscir has never fully enjoyed the confidence of either Egal or President Scermarche since they took office in 1967. Despite his apparently loyal service to the new government, Abscir's close relationship with former president Aden and prime minister Abdirazak has left him under somewhat of a cloud.

Although the details are not yet known, a compromise seems to have been reached. Yassin has agreed in effect not to exercise his newly acquired powers, and Abscir apparently will not resign. To be effective, a presidential decree must be approved by parliament within 30 days after it convenes. The deputies are not scheduled to meet until after the election on 26 March, and the decree may be quietly forgotten.

Abscir's resignation would have created a serious morale problem among the police at a time when the government will be relying on them to control the widespread local disturbances that are expected to occur during elections next month. [REDACTED]

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Czechoslovakia-USSR: Radio Vltava, the Soviet-backed station that beamed propaganda into Czechoslovakia from East Germany since shortly after the invasion, appears to have ceased operations yesterday. Prague has long sought to get the station off the air. The Soviet action may be one of several small steps Moscow has recently taken to portray relations between the two nations as returning to "normal." The frequency that Radio Vltava used has been turned back to the East Germans, however, who are using it for their Radio Berlin International program, which includes some broadcasts in Czech and Slovak. [REDACTED]

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Cyprus: The most serious disturbance since the intercommunal talks began last June has briefly marred the peace on Cyprus. The dispute arose out of an alleged increase in the number of unarmed Greek Cypriot police patrolling a "no armaments" zone and led to a confrontation with armed Turkish Cypriots. The incident appears to have been brought under control by the UN peace force. Such acts nevertheless endanger efforts to arrive at a settlement of the island's political problems. [REDACTED]

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Mozambique: The executive committee of the Mozambique Liberation Front (FRELIMO) has chosen Uriah Simango as acting president until the party's central committee meets this spring to select a permanent successor to the assassinated Eduardo Mondlane. Simango is also the leading contender for the presidency on the basis of his long tenure as FRELIMO vice president. Simango espouses militancy, but whether he deserves his pro-Communist reputation or is an opportunist who has welcomed Communist assistance is not clear. [REDACTED]

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India: As part of a sudden cabinet reshuffle, Prime Minister Indira Gandhi has appointed Dinesh Singh minister of external affairs--a post she has held herself for the past 18 months. Singh has been the prime minister's confidant, as well as holding down the portfolio of minister of commerce during the past two years, and has become one of the most important members of the government. His

[REDACTED]

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has a pro-Soviet reputation. He has been generally critical of US policies and has been a difficult negotiator in his official dealings with Americans.

[REDACTED]

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Peru - Communist China: A Peruvian mission now en route to Communist China will conduct Lima's first government-to-government rice-purchasing negotiations with Peking. The Peruvian Government has been importing rice to bolster stocks that have been depleted because of drought in the northern part of the country. The quantity of rice to be purchased from Peking is not known, but the mission may work out details on an attractive offer China made last December to supply 20,000 tons. Last year Peru imported 20,000 tons of Chinese rice worth about \$3.6 million. [REDACTED]

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NATIONAL INTELLIGENCE ESTIMATES

The United States Intelligence Board, on 13 February 1969, approved the following national intelligence estimates:

NIE 11-11-69 Soviet Chemical and Bio-
logical Warfare Capabili-
ties [redacted]

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SNIE 93-69 Brazil [redacted]

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