

DIRECTORATE OF INTELLIGENCE

# Central Intelligence Bulletin

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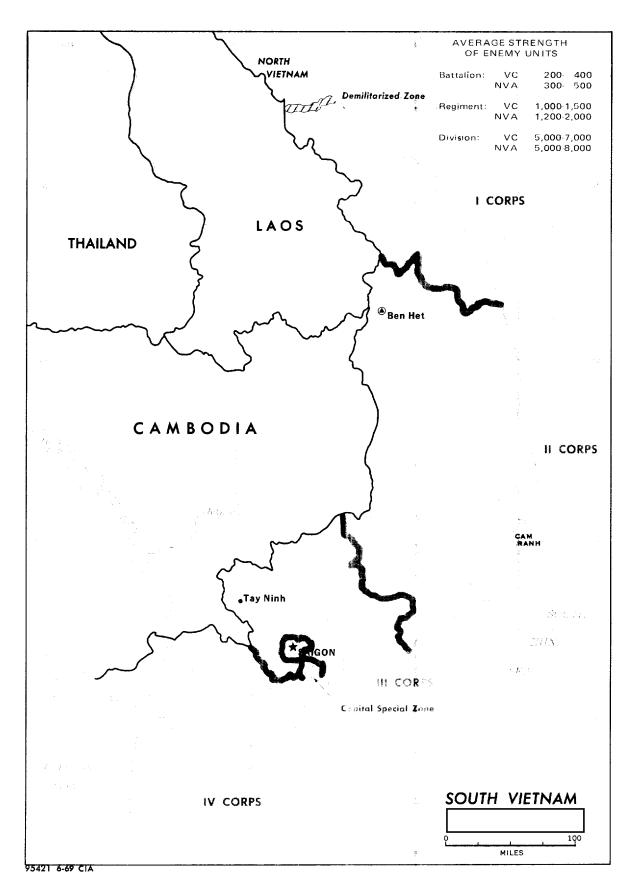
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South Vietnam: The doubts held by some South Vietnamese military officers in the provinces about allied prospects at the Paris talks have emerged.

According to a small sampling of views made recently by US officials, some senior and middle-echelon officers are disturbed by what they view as a series of unilateral allied concessions, made to soothe domestic US pressure. They believe that recent movement toward the concept of Communist participation in South Vietnam's political life may culminate in elections leading to a coalition government. They doubt the survivability of their own government, much less the political parties, in a postwar struggle with the Communists. Some cite superior Communist political and electioneering abilities while others claim the Communists would circumscribe ground rules for elections.

While these views are fairly widespread, they do not necessarily indicate any lessening of the military's loyalty to Saigon at present. They may be indicative of the limits within which President Thieu must operate if he is to avoid open conflict with the military, particularly as "Vietnamization" proceeds and he is increasingly dependent on the South Vietnamese Army.

Military activity remained light and scattered. Ground action was negligible. The Communists again shelled Ben Het and a military encampment just outside Tay Ninh.

Viet Cong defections in the Mekong Delta this year are running over double those of 1968, but US observers think many of these are refugees.

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By the end of May, the number of defectors in the delta had already exceeded the total for all of last year. Some US officials believe, however, that over half of these might better be considered refugees rather than soldiers. Many have served the Viet Cong as laborers for short periods and brought in no weapons. Such defections nevertheless often reduce the manpower pool available to the Communists and add to the already acute Viet Cong manpower problem in the delta. However, in some cases defectors return to their home areas and again become available to Communist recruiters.

On balance, it appears that growing defections have damaged the Viet Cong. The Communists have moved a regiment largely made up of North Vietnamese regulars from III Corps into the upper delta to maintain their strength. Additionally, Communist military operations have decreased during the past year. Viet Cong battalions remain in the field, however, and the Communist political apparatus is still strong and active in much of the delta.

(Map)

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Gibraltar: Spain's latest harassment of Gibraltar, the closure of the ferry service from Algerias, is timed to stress Madrid's disapproval of the first general election campaign under the new constitution.

Foreign Minister Castiella, who has made a hard line on Gibraltar a main point of his foreign policy, may have found an additional incentive for pushing an end to ferry service now. There are rumors that he will lose his post in impending cabinet changes.

The only remaining transportation link, other than ship, is the weekly British European Airways flight that stops in Madrid en route to Gibraltar. Spain could also cut water, cable, and telephone communications.

Spain's latest move, in itself, is unlikely to affect the outcome of the elections of 30 July. The two leading parties strongly support Gibraltar's link with Britain. None of the Rock's political groups are pro-Spanish, and only a few Gibraltarians desire complete independence. The new constitution states that the colony will not be turned over to Spain against the wishes of its inhabitants.

Uruguay: There is still some doubt that congress will approve President Pacheco's decree of 24 June instituting a limited state of siege.

The general assembly (the combined house and senate) so far has failed to meet on the issue for lack of a quorum. When it does, the decisive voice is likely to be that of a key opposition senator who backed the government in maintaining a previous state of siege but has now become disenchanted with the regime.

In the meantime, Pacheco is vigorously enforcing the siege provisions. More than 160 labor leaders have been arrested and the military are occupying key public services to prevent sabotage. Partial work stoppages and strikes are continuing, however, and the Communist Party plans to see that more take place in the next few days.

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El Salvador - Honduras: Relations between the two countries continue to deteriorate.

Attempts by El Salvador to ease tensions through quiet bilateral negotiations have been temporarily frustrated by political pressure within El Salvador to halt the exodus of Salvadorans from Honduras. El Salvador is overpopulated, and for years it has relied on its neighbor to absorb its population surplus.

Fearing violence in their host country, over 6,000 of the more than 250,000 Salvadorans in Honduras have returned home, even though the Honduran Government has promised them protection.

President Sanchez of El Salvador has accused Honduras of genocide and has petitioned the OAS Human Rights Commission to investigate the situation. Honduras has requested an OAS investigation, charging that El Salvador was merely trying to block negotiations on an outstanding border dispute. These recriminations may further inflame nationalistic passions in both countries and impede any normalization of relations. Pressure may develop in Honduras for ending Salvadoran immigration, and Honduras' voluntary boycott of Salvadoran goods may disrupt economic relations between the two countries and between them and the Central American Common Market.

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#### NOTES

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Argentina: The navy intends to request the Rockefeller mission's help in facilitating the purchase of aircraft from the US, including the Douglas A-4 jet fighter. This plane would be assigned to the used aircraft carrier purchased last year from the Netherlands. The air force has obtained 50 of these aircraft since 1966, but the Argentines have been informed that the US Government would not approve the sale of attack aircraft—such as the A-4—to the navy. If the A-4s are not made available, the navy reportedly will negotiate for similar aircraft from Britain or Italy.

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Greece: Premier Papadopoulos reportedly has agreed to a partial reshuffle of his cabinet. It will affect the ministries of justice, communications, and agriculture, as well as education, whose minister resigned last week. The shifts are intended to placate the military junta's hard-line young officers, who recently petitioned the premier to drop all ministers they consider "socialist" and to replace them with right-wingers. Papadopoulos reportedly claims that he is not in a position to oust all the "liberal" elements in his cabinet, and for the present, at least, his explanation is being accepted.

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