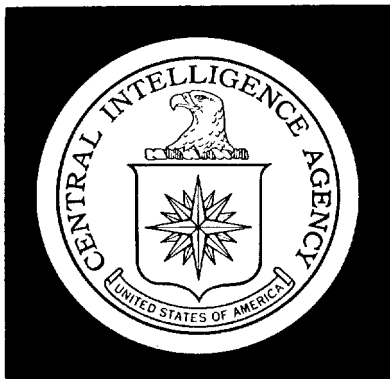


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State Dept. review completed

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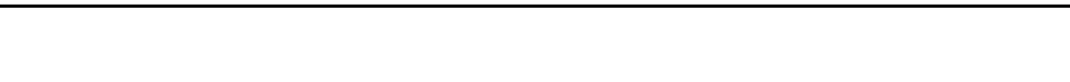
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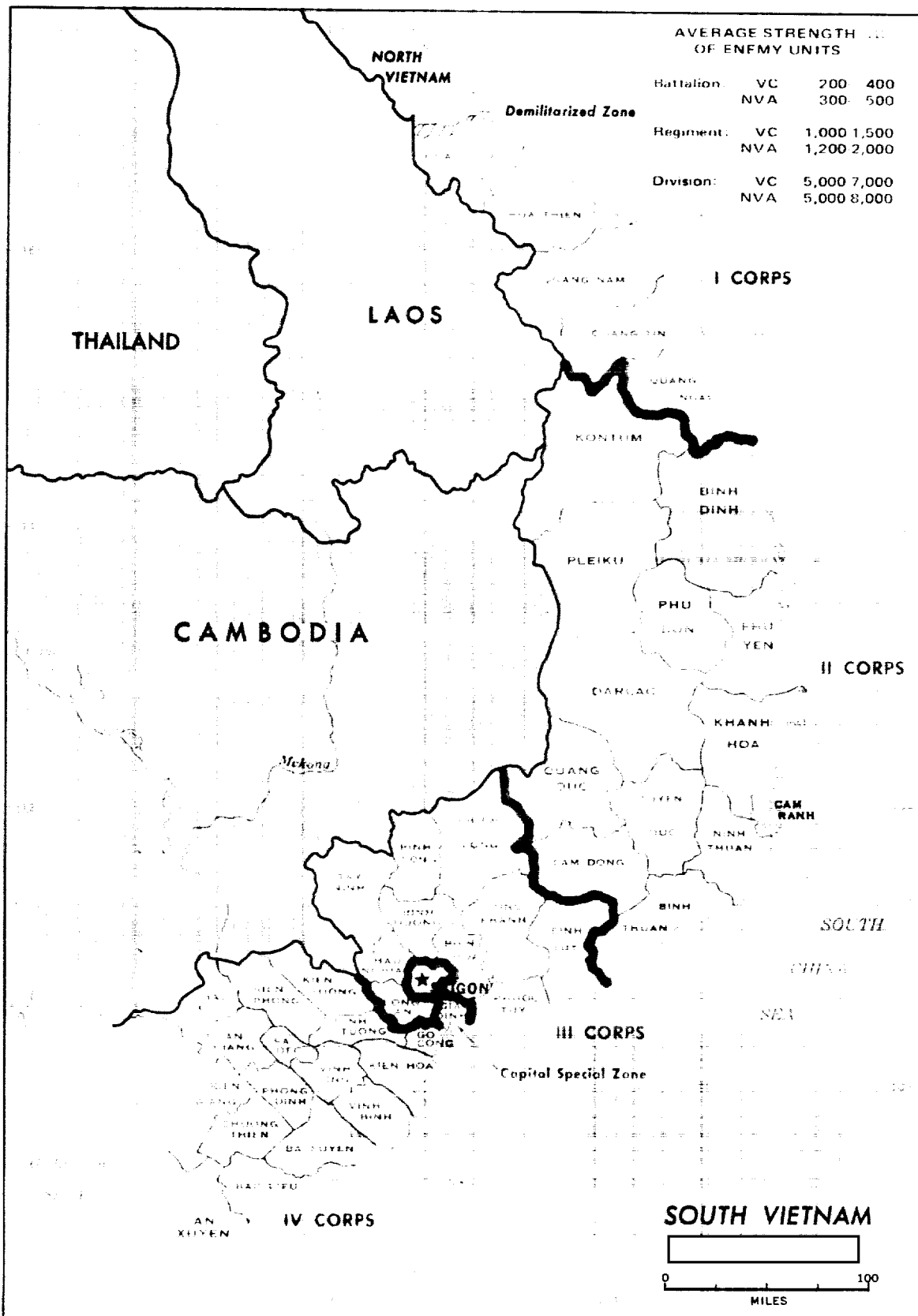
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[South Vietnam: Communist terrorism has taken a sharp upturn in recent weeks in rural areas and may soon break out in Saigon.

Terrorist incidents increased more than 50 percent in the week ending 21 August, and civilian deaths at the hands of terrorists were significantly higher in the first six months of 1969 than in the last half of 1968. In the current upsurge in rural areas, the Communists are not selecting individual government officials for assassination, but are killing civilians at random by bombing large gatherings. Twenty-four people were killed in a Viet Cong bombing of a Revolutionary Development meeting at a hamlet in Binh Dinh Province on 26 August. A terrorist raid on a People's Self-Defense Force hamlet in the delta on 27 August killed some 15 civilians.

[REDACTED]

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[REDACTED] the Communists have organized nine "special action" units for terrorist raids in the capital city area. The units are composed of three-man teams trained in the use of explosives, assassination, and bridge demolition. They are reportedly supported by an artillery unit and a 250-man infantry force for attacks on defended installations.

* * * *

Stiff fighting in the delta between ARVN troops and the Viet Cong was the only significant military ground action on 28 August. Communist units in other parts of the country, however, are preparing for action within the next few days. [REDACTED]
(Map)]

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USSR - Communist China: Moscow has brought its brief against China up to date in an attempt to enlist support for its efforts to isolate and combat Peking.

A major Pravda statement on 28 August casts the Chinese leadership as apostates to the world Communist movement, promoters of international tensions, active threats to world peace, and a physical threat to countries both on China's borders and beyond. Although the article opens with Moscow's case against China over their border difficulties, it quickly goes beyond that in an attempt to picture China as a problem not only for the USSR and the Communist community but for the whole world.

The article appears to be more an attempt to enlist support for Moscow's struggle with Peking than a justification for further military action. In drawing its picture of an irresponsible and aggressive China as a threat to world peace, it charges that the Maoists are filling their arsenals with "ever more and new weapons," and stresses that if war should break out, in light of present modern weaponry, it "would not leave a single continent unaffected."

The article presents the Soviet case for the Communist world by citing Peking's "indifference to socialism's destinies," mentioning particularly Chinese criticism of the world Communist conference, the Warsaw Pact and CEMA, and Chinese support for "antisocialist elements" in Czechoslovakia.

Pravda's attempt to appeal to the non-Communist world is broad, citing the common threat of Peking's "irresponsibility," and even stating that "some of the sober-minded circles of capitalist countries also express grave concern over the threat to peace which is inherent in the policy of the CPR leadership." This is a fairly open attempt to raise the image of a common ground with the West in opposition to China.

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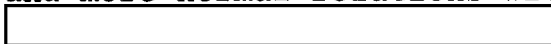
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The article is consistent with past Soviet propaganda in expressing optimism that the USSR is sufficiently strong that it does not fear Chinese "threats" or territorial aspirations and reiterates Moscow's standard expressions of desire for better and more normal relations with the Chinese people.



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Japan: The government probably will not sign the nuclear nonproliferation treaty in the near future.

Japan earlier had indicated it would sign by the opening of the UN General Assembly session in September. The US Embassy in Tokyo now believes that continuing widespread opposition to the treaty has made the government unwilling to damage its position by signing at this time.

Prime Minister Sato, seriously concerned over opposition to the treaty within his own party, has remained publicly uncommitted, while approving the official line that his government is "unifying views" prior to announcing its decision to sign. The opposition parties, most of the media, and the general public, moreover, are against the treaty.

Japanese opposition to the treaty stems in large part from a fear that Japan, the third-ranking economic power in the world, would relegate itself to second-class status by renouncing its nuclear option. The Japanese are also critical of the treaty's proposed inspection arrangements, and are influenced by the reluctance of countries such as West Germany to sign.

The ruling conservatives, looking to national elections and already facing the Okinawa reversion question and the leftist "struggle" against the extension of the US-Japan security treaty next year, are not anxious to compound their problems by going against popular opinion on this issue. [redacted]

[redacted]

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Israel: Six more settlements are to be established in the occupied Arab territories.

An Israeli official, in announcing the plans, said that there would be two new settlements each in the Golan Heights, the Jordan River valley, and northern Sinai. The Israelis have already established 11 settlements in the Golan Heights, three in the Jordan valley, at least three on the West Bank south of Jerusalem, and three in Sinai. The latter are separate from defense installations at Sharm ash-Shaykh at the head of the Strait of Tiran.

The establishment of settlements in the occupied territories is of course a sensitive issue for the Arabs, who point to it as confirmation of Israel's expansionist designs. It is also a hot political issue in Israel, where opponents argue that such moves limit the options available to the government in the event of peace negotiations. On the other hand, Defense Minister Dayan and others contend, apparently more successfully, that establishment of the settlements does not prejudge an eventual peace agreement. They also argue that peace is far away and that, in the interim, Israel must look to its defenses and establish a presence in the occupied territories.

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India: Open conflict in the ruling Congress Party has subsided following agreement on a patchwork compromise.

Old guard party bosses backed off from an attempt to censure Prime Minister Gandhi at a meeting of the Congress Party's central working committee early this week. Mrs. Gandhi's opponents again boggled at the prospect of a split that would have brought down the country's single-party government. The compromise, proposed by Home Minister Chavan, avoids assigning blame for dissension over the presidential election and focuses on the need to re-establish party unity.

The divisions between Mrs. Gandhi and the old guard remain deep, however, despite the temporary end to invective. Another outbreak could occur as the Prime Minister tries to consolidate her gains. Between now and the next general elections in 1972 she is expected to try to maneuver her supporters into key party positions now dominated by the old guard. Moreover, with her present majority support among Congress parliamentarians, Mrs. Gandhi is talking of new government action as a follow-up to bank nationalization.

Speculation centers on legislation concerning such matters as land reform, state control of industrial raw material imports, and ceilings on incomes and holdings of urban property. A cabinet shuffle is also a possibility. Mrs. Gandhi may go slow, however, in order to maintain unity in Congress parliamentary ranks as she tries to give the party a new image. Another precipitate act on her part could provoke enough defections among right-wing party members to leave her government dependent on non-Congress leftist support.

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Malaysia: Jittery authorities are preparing for possible disturbances by Malay extremists this weekend.

Deputy Prime Minister Razak warned potential troublemakers in a nationwide radio and television speech last night that they face stern measures if they resort to violence during celebrations leading up to national day on 31 August. Earlier in the day the government showed it meant business when for the first time the police moved onto the grounds of the University of Malaya and used tear gas to disperse several hundred students. The students had been demonstrating against Prime Minister Rahman.

Despite the students' action, "ultras" within the ruling party seem to have temporarily abandoned political confrontation. A spokesman for the extremist faction in the ruling party has indicated that the party extremists intend to pursue a policy of concentrating on building support at the grass-roots level while pushing for party constitution amendments, which would give them a larger voice in top party councils. The extremist leader stated that he expects Rahman to resign within the next six months and that there was some inclination to see how Razak performed as government leader.

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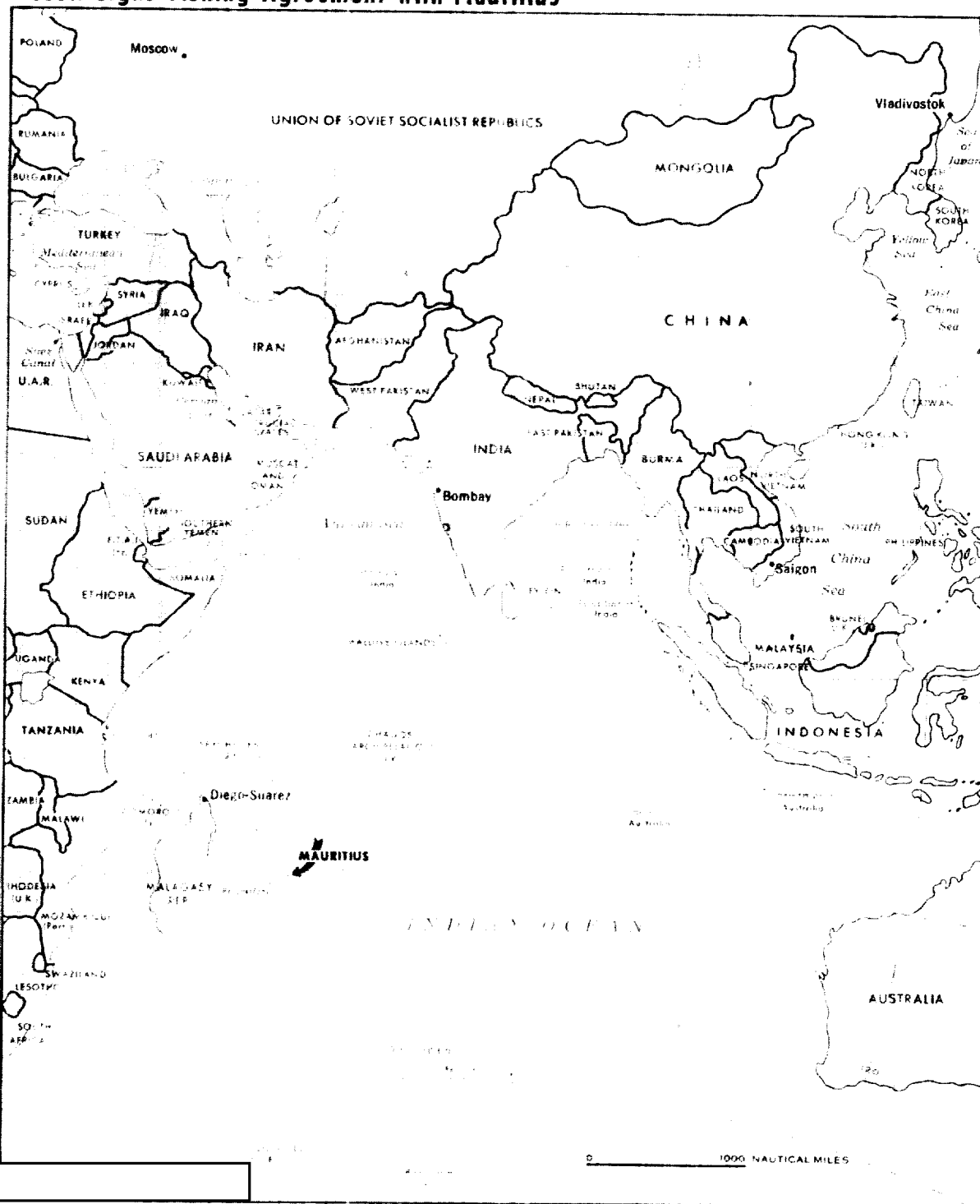
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USSR Signs Fishing Agreement with Mauritius



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USSR-Mauritius: The USSR has agreed to help Mauritius establish a domestic fishing industry in exchange for the servicing of Soviet fishing vessels at Port Louis.

Under a recently signed agreement, Moscow will provide Mauritius with a fishing trawler and the necessary Soviet specialists for a period of up to two years to train local personnel in its operation. The Soviets also will provide engines for the propulsion of inshore fishing vessels and other miscellaneous fishing equipment. The two countries agreed on the "necessity" of establishing and expanding cooperation through a mixed Mauritian-Soviet company for fisheries.

In exchange, Mauritius will grant Soviet fishing vessels access to Port Louis for emergency repair and refueling and for the transfer of Soviet fishing crews by Soviet aircraft.

Although there is no indication that this agreement has any direct connection with Soviet requests for space support facilities in Mauritius, the Soviets may hope that this new arrangement will lead the Mauritians to be more cooperative. [REDACTED]

[REDACTED]

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Panama: Government strongman Torrijos has made it clear that the national guard has no firm plans to relinquish power.

In a widely publicized speech before the American Society of Panama on 26 August, General Torrijos asserted that his government had to "justify" its seizure of power by achieving "specific objectives" before stepping down. He did not, however, spell out what those "objectives" were or when they might be reached.

References to promised elections in 1970 have disappeared from the controlled press in recent weeks, and it has become increasingly apparent that the government is trying to screen its retreat from plans to revise the electoral process in preparation for general elections of some sort.

US Embassy sources report that the minister of government has said he is uncertain when a decision would be made on the draft electoral code which has been under review for seven weeks. There are strong indications that guard leaders are discouraging any favorable publicity on the proposed code and early elections.

Meanwhile, a prominent newspaper figure told US officials that he was very doubtful that restrictions on the press would be lifted soon. Only recently, General Torrijos collaborated in a complex legal maneuver to shift control of a major newspaper firm owned by the exiled Arias family. The appointment of a national guard officer as the editor will assure complete adherence to the military government's line.

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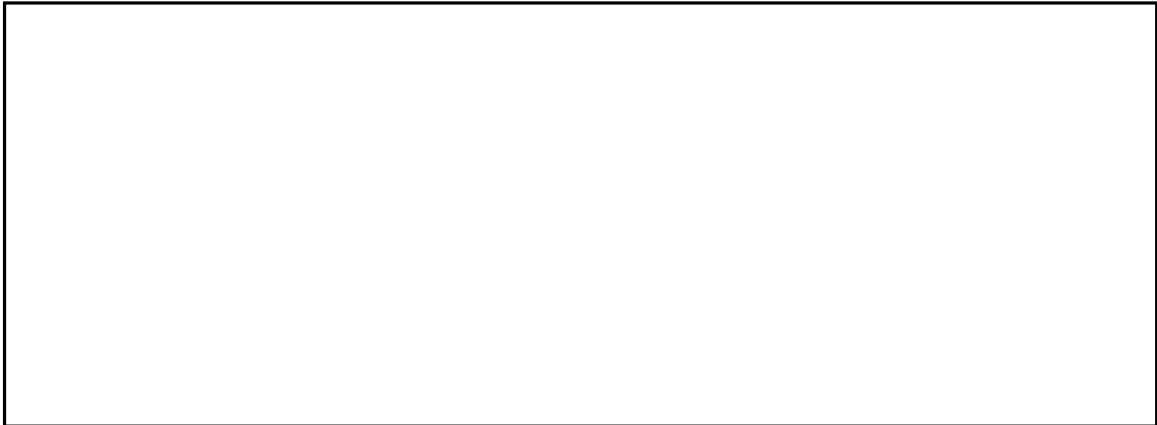
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Dominican Republic: The threat of spontaneous violence persists despite the government's apparent success in preventing the nationwide transportation strike from getting out of hand. Only sporadic incidents have been reported thus far, but opposition leaders warn that the harsh security measures imposed will lead to strong reactions. Strike leaders reportedly are satisfied with the results of the walkout, which began on Wednesday, and believe that administration measures are causing bitterness against President Balaguer. [redacted]

* * * *

Peru: Communist labor leaders from several Latin American countries are meeting in Lima this week to endorse the Velasco government's petroleum policy and the nationalization of the International Petroleum Company. The conference was organized by the Communist-dominated National Federation of Peruvian Petroleum Workers and other leftist groups. The government, although it authorized the meeting, has described it as "a private affair that has no connection with the government" and is not expected to permit a Cuban delegation to attend. [redacted]



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Nigeria: Former president Azikiwe, an Ibo who is in exile in London, has gone over to the federal side and intends to return to Nigeria. Nigerian leaders hope he will provide a rallying point for Ibos in Biafra. Azikiwe has no influence with the secessionist leadership, however, and his action is unlikely to result in large-scale defections. Moreover, his presence in Nigeria may well give General Gowon problems with other civilian politicians, notably Chief Awolowo, a Yoruba who now holds the highest civilian position in the federal government.

[REDACTED]

* * * *

USSR-Guinea: A group of five Soviet warships pulled into Conakry on 27 August. The group consists of a guided-missile frigate, two diesel submarines, a submarine tender, and an oiler, all from the Soviet squadron that operated in the Caribbean last month. The visit, made without prior announcement, reportedly will last one week.

[REDACTED]

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