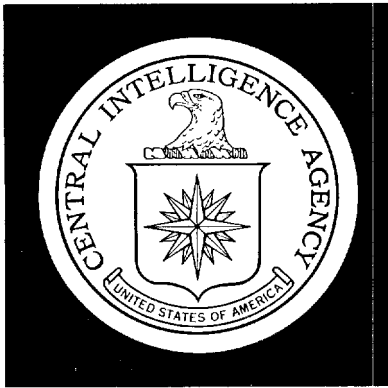


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Central Intelligence Bulletin

Secret

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5 January 1971

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No. 0004/71
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COMMUNIST CHINA - ROMANIA: A Romanian official has said that the long-term, interest-free credit extended by Peking last November amounts to \$100 million in convertible currency.

This is the largest cash loan China has extended, and hard currency credits by the Chinese are highly unusual. It comes at a very appropriate time and will make it easier for the Romanians to face substantial repayment commitments to a number of countries over the next several years.

25X1 [redacted] the total amount of the loan may be as high as \$300 million, with \$200 million to be supplied in equipment, largely for the metallurgical field. The Chinese, however, are net importers of such equipment and are not highly advanced in its production. With the exception of some \$400 million in credit for the construction of the Tan-Zam railroad in Africa, this would be the largest credit for economic aid ever extended by China.

The large credit confirms both Romania's determination to limit further its economic dependence on the USSR and Chinese willingness to underwrite political independence in Romania. [redacted]

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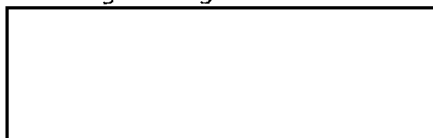
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GUINEA: President Sekou Toure apparently has decided on a large-scale purge of suspected opponents of his regime.

Toure charged in a New Year's speech that the Portuguese-led commando raid on Conakry last November was aided by a fifth column that included local Guineans as well as foreign accomplices. He promised that these traitors would be brought before revolutionary tribunals and liquidated. Toure ordered all levels of Guinea's single political party to begin meeting next Monday to consider the "evidence."

There is no firm evidence that an organized internal opposition emerged in Guinea during the invasion or since. It is possible, however, that the Guinean exile group that participated in the raid sought help from sympathetic individuals within the country. Toure probably will use the existence of such opponents, real or contrived, to justify a sweeping purge. A large number of Guineans already have been arrested or detained for questioning, adding to the high state of tension that has continued in Conakry since the November raid.

Party militants also were instructed to consider evidence against foreign residents in Guinea who Toure believes aided the invaders. At least four Europeans and the Catholic archbishop of Conakry were arrested, and West Germany's aid team was expelled and its ambassador recalled when Toure became convinced they were guilty of complicity in the plot against him. It is not clear if these are the only foreigners Toure was referring to in his speech or whether additional charges against foreign nationals will be made.



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INDIA: Three of the principal opposition parties have formed an alliance to oppose Prime Minister Gandhi's Ruling Congress Party in the elections of 26 February.

The alliance consists of the right-of-center Organization Congress Party, the right-wing Hindu nationalist Jana Sangh Party, and the leftist Samyukta Socialist Party (SSP). In the recently dissolved 523-member lower house of parliament, the Organization Congress was the largest opposition party with 63 seats; the Jana Sangh and SSP held 33 and 17 seats, respectively. In announcing the alliance on 3 January, the three parties said that for each lower house seat they intend to put up one agreed candidate who will be supported by all three parties.

The alliance suffered an initial setback when the right-wing, pro - free enterprise Swatantra Party refused to join. The Swatantra, whose 35 parliamentary seats made it the second largest opposition party, reportedly wanted a more comprehensive alliance, including a basic platform supported by all parties to the alliance instead of simply an agreement to back each other's candidates. The Swatantra's action, however, does not preclude ad hoc agreements between the new alliance and the Swatantra to cooperate in individual contests.



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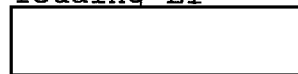
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CENTRAL AMERICA: A proposed Honduran economic decree darkens the already grim outlook for the Central American Common Market.

The decree abrogates multilateral agreements on free trade and taxes and authorizes the minister of economy to negotiate bilateral arrangements. The move, a virtual withdrawal from the Market, follows El Salvador's eleventh-hour refusal to sign a proposed modus operandi, which would have met Honduran complaints that it was not benefiting enough from Market membership.

El Salvador, which has benefited substantially from the Market, will probably want the organization to continue, but without Honduras. Nicaraguan President Somoza, who is already pushing for a special meeting later this month of the Central American foreign ministers to rescue the modus operandi, may plead with Honduras to hold off official publication of its decree until such a conference can be held.

In the year-long effort to patch the damage to the Market resulting from the war in 1969 between Honduras and El Salvador, Market members have overcome the frustrations of similar impasses. Patience on all sides is wearing thin, however, and hope of a union that includes the continually feuding El Salvador and Honduras is diminishing.



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