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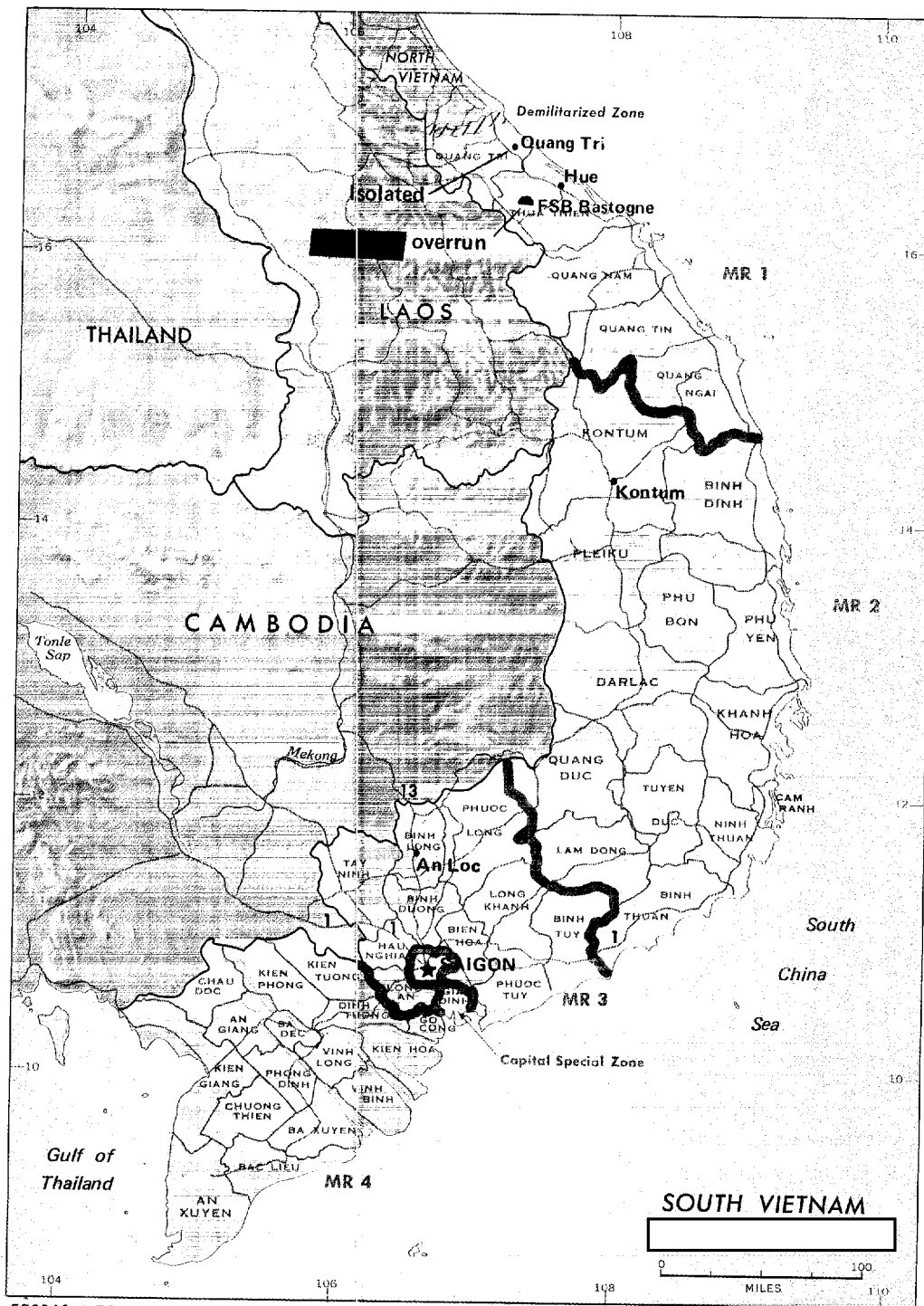
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VIETNAM: The fall of the first provincial capital to Communist forces may occur soon.

Strong elements of two North Vietnamese divisions spearheaded by tanks and supported by heavy artillery have nearly isolated Quang Tri City. Some enemy troops are reported to have reached the outskirts of the capital. Although Route 1 remains open to the south for military traffic, there are indications that the Communists hope to interdict it soon. The defense of the city now relies heavily on allied air support, which recently has been facilitated by relatively good weather.

Farther south, Fire Support Base Bastogne has been evacuated, and only one other military strongpoint remains between the Communists and Hue. The pressure from enemy forces in this area, moreover, tends to inhibit any shift of government reinforcements north from Hue to meet the threat in Quang Tri.

The indications from the northern front are that the enemy still hopes to sustain his military pressure on the government over an extended period.

In the central highlands, there was little enemy-initiated military action. The repositioning of Communist headquarters, the continued evidence of Communist resupply movements and enemy efforts at road interdiction leave little doubt, however, that a serious test of ARVN defenses north of Kontum City is imminent.

The pattern of Communist action around An Loc during the last few days suggests that the Communists may be trying to keep ARVN forces pinned down in the town and along Route 13 by the continued use of artillery and light ground probes. Meanwhile, some enemy forces and equipment reportedly are being shifted farther south toward Route 1.

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Enough enemy weapons have been captured since the start of the offensive to indicate that both the Soviets and the Chinese are supplying up-to-date weaponry to Hanoi. Chinese copies of Soviet tanks, recoilless rifles, and grenade launchers are among the arms taken. A Soviet-made wire-guided missile that is highly effective against armored vehicles and tanks has been used on all three major battle-

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WEST GERMANY: Chancellor Brandt still hopes to vote on the Eastern treaties next week as scheduled.

One day after surviving a no-confidence motion, Brandt's government plunged into a new crisis when the Bundestag rejected by a tie vote a part of the budget bill. The deadlock has led opposition leaders to revive their claim that Brandt had lost his majority, and called forth proposals for early elections from both sides of the aisle. Brandt and Barzel prefer to avoid elections at this time, however.

With the Bundestag adjourned until 2 May, Brandt is trying to rally the three or four wavering coalition deputies and undermine Christian Democratic resolve. One Free Democrat who voted for Barzel is believed favorably inclined on the treaties. Another has agreed to resign in favor of a loyal replacement, but he disappeared without handing in his letter of resignation. Brandt hopes that the weekend may also bring the beginning of dissension in opposition ranks over Barzel's failure to unseat him.

The government crisis, capping an increasing bitterness in debate over the treaties in the past two weeks, appears to have sharpened divisions in the electorate. Although government leaders are taking their case to the public at a rally today in West Berlin, they are also concerned lest the normal May Day demonstrations get out of hand.

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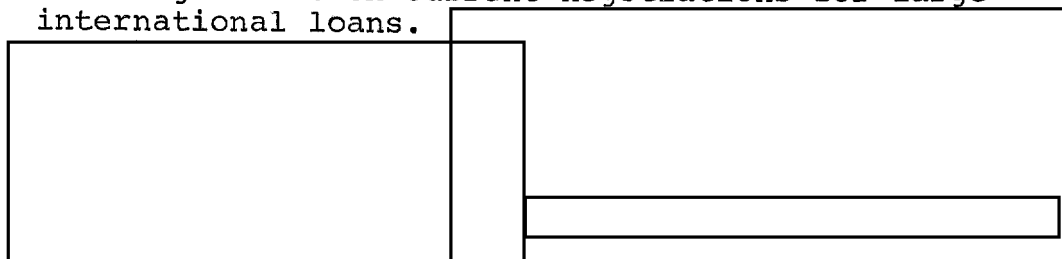
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ARGENTINA: The general wage increase announced this week should ease the political pressures on President Lanusse, although it will add to the nation's already serious economic problems.

Labor leaders are elated over the new wage package, which includes a 15-percent hike for all workers and increases in family allowances and pensions. For the benefit of the rank and file, the General Confederation of Labor (CGT) will probably continue to demand the reopening of collective bargaining, but it now appears willing to cooperate with the government. Pressure had been increasing rapidly on the CGT leadership to take a hard-line stand against the government, but Lanusse's move should ease this pressure and strengthen the moderates' hand.

The unexpectedly large wage increase apparently has the approval of key military officers, who expect it to contribute to social peace for the next few months, and of businessmen, who were becoming concerned over the decline in buying power in Argentina. The only significant opposition came from Finance Minister Licciardo, who advocated a smaller increase to become effective on 1 June instead of the 1 May date finally approved by President Lanusse.

Licciardo's major concern was the impact this move might have on current negotiations for large international loans.



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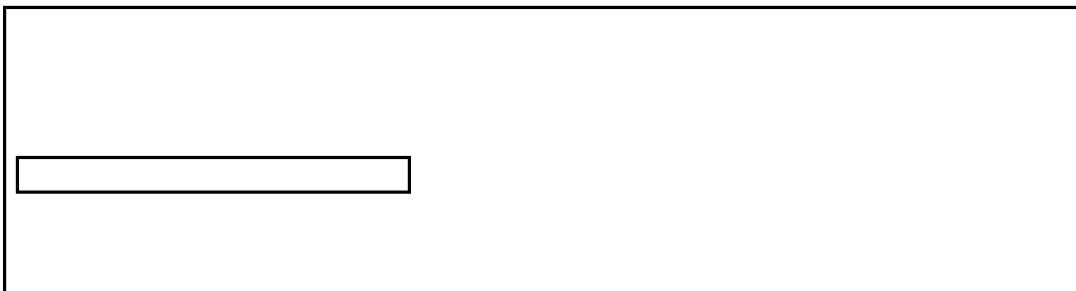
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TURKEY: The prolonged political crisis may be diminishing attention to the enforcement of the ban on opium poppy cultivation. The Turks appear to be well aware of the importance in US-Turkish relations of the ban, however, and are unlikely to ignore it. There is a realization among most senior Turkish officials that such a course could lead to a sharp deterioration in Turkish-American relations.

Former Prime Minister Erim was genuinely committed to a firm ban on further cultivation of opium poppies after the current crop season, but there is not likely to be the same degree of personal commitment in his successor. One leading contender for the premiership, Senator and former prime minister Suat Urgupulu, openly criticized in 1970 what he viewed as unwarranted US pressure to restrict opium poppy cultivation in Turkey. This statement, however, was made in the context of publicity in the US press, which received wide play in Turkey, of the possible termination of US economic assistance unless the Turks took more stringent measures. Urgupulu has taken no recent public position on the opium situation.



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Given the complexity of the opium control bureaucracy in Turkey and the extensive area in which poppies could be grown illicitly, the ban on cultivation will be difficult to police and enforce even under the best of conditions. [redacted]

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ARMS CONTROL: Peking's threat to veto UN Security Council endorsement of the biological weapons convention, ostensibly because Taipei has signed, has forced an indefinite postponement of Council action.

Opened for signature earlier this month, the convention bans the development, production, and stockpiling of biological weapons. Primary responsibility for investigating complaints is vested in the Security Council, whose acceptance of a resolution approving the convention thus is essential.

Consideration of the convention by the Council has been postponed several times because of uncertainty about Peking's attitude. The Council had been scheduled to consider the resolution this week, but the meeting was canceled after the Chinese explicitly indicated on 26 April that they would veto the endorsement.

Chinese officials had been charging that the convention is a "half-hearted" disarmament effort, failing in particular to cover military use of chemicals in Vietnam, but they reportedly intended to abstain in the Council vote. The Chinese veto threat, reiterated in Peking by Vice Foreign Minister Chiao Kuan-hua, is based on the "much graver question" of the recent Nationalist Chinese signature of the document in Washington. Peking claims this was a violation of the General Assembly's decision on Chinese representation last fall and that the effect of the Council's endorsement resolution now would be recognition of Taipei.

Most Council members appear highly reluctant to pursue the matter at this time, although they dispute the Chinese view that any question of

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recognition is involved in the signature of international conventions. [redacted]

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[redacted] Soviet Ambassador Malik, however, regards the Chinese action as an "intolerable" bluster and even suggested a meeting of the five permanent Council members to pressure the Chinese. The Soviets appear particularly concerned lest this "new obstructionism" prevent Council review of future disarmament agreements. The Soviet draft convention on chemical weapons, for example, also provides for Security Council verification. [redacted]

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CHILE: Opposition forces won a significant victory on 27 April by defeating President Allende's moderate candidate, Felipe Herrera, for rector of the politically sensitive national university. Eduardo Boeninger was re-elected by a majority vote against three leftist candidates, and his position is strengthened by his supporters' capture of a majority of the seats on the new university governing council. Domination of the former council by Allende's Popular Unity forces had hamstrung Boeninger's authority and hindered attempts to maintain university independence from government control. The outcome gives opposition forces further proof that working together can bring them victory. The setback will strengthen the argument of some of Allende's supporters that his caution--in this case his decision not to back a strongly leftist candidate--is defeating the Chilean revolution. [REDACTED]

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VENEZUELA: A senior government official has given the first hint that Venezuela would consider easing potentially heavy penalties on foreign oil companies that have failed to meet export quotas. Crude oil production dropped 16 percent during the first quarter of this year to an average of 3.1 million barrels daily compared with the same period last year. The deputy minister of mines has suggested that tax penalties could be waived if companies increase drilling, production, and investment during the rest of 1972. Most of the country's major oil companies apparently are subject to the penalties, and in the case of Venezuela's largest crude oil producer--a subsidiary of Standard Oil of New Jersey--the first quarter penalty could reach \$20 million. [REDACTED]

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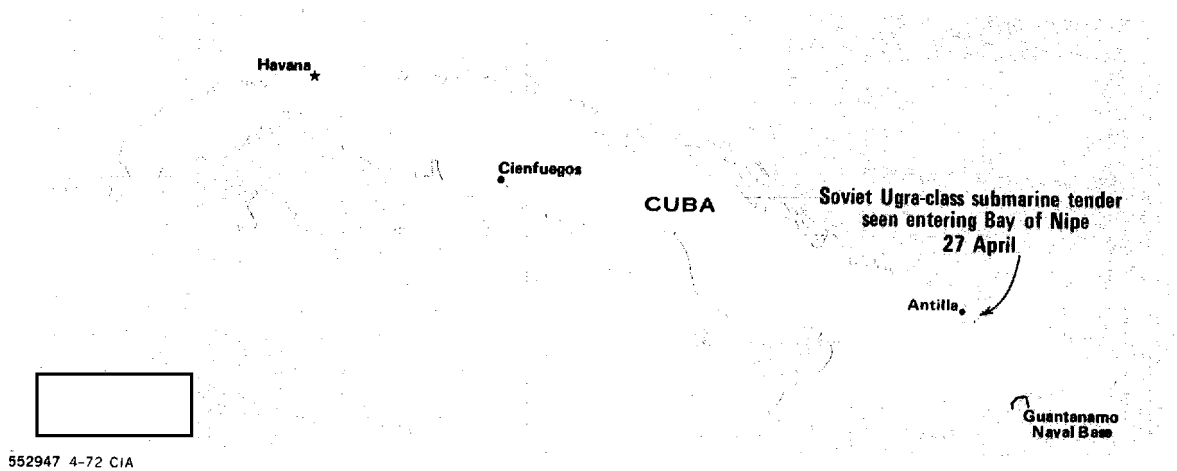
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USSR-CUBA: The Soviet Ugra-class submarine tender that left the Mediterranean two weeks ago entered the Bay of Nipe on 27 April. Soviet tenders from the Northern Fleet have visited Cuba on earlier occasions, but this is the first Ugra from the Black Sea to operate in Cuban waters. The Kotlin-class destroyer has been in Antilla for several days and will probably accompany the tender to Havana, possibly in time for May Day ceremonies. [REDACTED]

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JAPAN: Tokyo is considering the direct purchase of petroleum from the oil producing countries but faces a dilemma in making its final decision. If Japan moves ahead, it would bypass the major oil companies, mostly US and British, that now supply the bulk of Japan's needs. The plan, which probably will be submitted to the Organization of Petroleum Exporting Countries (OPEC) in May, would give Japan more control over its oil supplies, and probably at a reduced cost. In return, however, Japan would be required to develop research organizations in the OPEC countries and offer them technological assistance for establishing their own maritime fleets. Tokyo also would have to set up a fund to be used for the construction of new oil facilities, roads, and harbors in the participating countries. It will be difficult, however, to bypass the major oil companies because they are so deeply involved in Japan's oil industry. Even if the plan is implemented, Japan, at the outset, probably will purchase directly only a small part of its petroleum needs. [REDACTED]

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GUINEA: The changes in personnel and organization produced at the recent extraordinary congress of Guinea's only political party fall far short of President Toure's much publicized vow to "radicalize the revolution" in the wake of the extensive political purge last year. Three members of the party's seven-man executive bureau were replaced and one minister was elevated to a newly created post of prime minister. The changes do not signal any basic policy shifts. The combining of economic and financial affairs under one ministry headed by the President's brother suggests an intention to focus more on economic development during 1972, however.

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