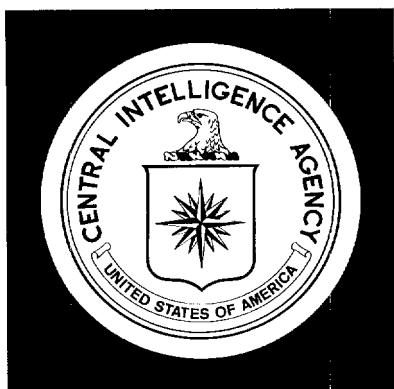


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Military Region 1



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VIETNAM: Government counteroffensives in the northern provinces are making some headway.

South Vietnamese forces in coastal Quang Nam Province have moved to within two miles of enemy-held Fire Support Base Ross, encountering relatively light opposition. The Saigon troops are advancing slowly and are depending for the most part on allied air strikes to clear the way.

There are signs that the North Vietnamese are preparing for more attacks in the Quang Nam lowlands. Several 130-mm. artillery rounds have hit Fire Support Base Baldy, the government's staging area and last remaining strongpoint in the Que Son Valley, indicating that the Communists are moving their large field pieces closer to the coast. Another determined enemy thrust in this sector would sorely test the weakened government forces.

Around Quang Tri City, the Communists are continuing to resist South Vietnamese Marine clearing operations in the northern sector of the city while increasing pressure against South Vietnamese Airborne positions to the south. Recent enemy shellings have destroyed five 105-mm. howitzers and some 1,500 rounds of ammunition at a fire support base south-east of the city. Enemy reinforcements and supplies are continuing to flow into the Quang Tri City area.

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MOROCCO: King Hassan has announced that parliamentary elections will be held at some indefinite time, but he has given no hint about concessions to opposition leaders, who are demanding immediate political reforms.

At a press conference Monday evening, the King implied that the long-promised elections would be held on his terms, and he rejected further talks with the political opposition unless its attitude changes. The previous day he had blamed factional struggles within the political parties for disaffection within the military.

Also on Monday, the monarchist Istiqlal Party, the conservative partner in the opposition National Front coalition, made clear that it will continue to press for substantial concessions. These include more authority for parliament and a less dominant role for the King. The party blamed the current trouble on the "antidemocratic and unpopular path" followed by the regime for the past eight years.

The King seems bent on antagonizing every potential source of support and on isolating himself more thoroughly than ever. He publicly insulted top-level military leaders summoned to his palace on Saturday. He opened his Monday press conference by criticizing the journalists for having all the answers before understanding the problems. After the 1971 coup attempt Hassan promised that his methods would change, but he has yet to accept any responsibility for the country's political instability.

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JAPAN: The Japanese space program is continuing to make limited progress.

The fourth space satellite was orbited on 19 August by the four-stage, solid-propellant MU-4S booster. The launch, however, failed to reach its planned orbit because of high winds in the upper atmosphere. This was the second satellite with a true scientific mission, the first having been orbited last September. The earlier launches were experimental and not totally successful.

For the next few years, the Japanese plan to continue to orbit additional scientific satellites using their own relatively unsophisticated space rockets.

Another program, which relies heavily on US assistance, is scheduled to place more advanced satellites in orbit by 1975-1976. These satellites will have practical applications such as weather reporting and communications transmission. The program plans to utilize both Japanese and US technology for the launch vehicles and satellites. The decision to acquire US technology is a marked departure from the Japanese "go it alone" space policy that prevailed before 1970, and indicates their continuing problems in developing a sophisticated independent program.

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EURATOM-IAEA: New French reservations about safeguard verification arrangements between EURATOM and the IAEA threaten further delays in European ratifications of the Nuclear Nonproliferation Treaty (NPT). 1/2

Ratification of the NPT by the non-nuclear-weapon members of EURATOM has depended on an agreement with IAEA to verify EURATOM's safeguards and thus satisfy NPT provisions. France now says no IAEA-EURATOM agreement can be completed until the EC Council has approved the negotiations, and Paris is objecting to the arrangements negotiated with IAEA by the EC Commission. Paris apparently will argue that the Commission has exceeded its authority. In return for its approval of the verification arrangements, Paris is likely to seek concessions that could further weaken the applicability of EURATOM safeguards to France. As the only nuclear weapons state in EURATOM, France has long argued that it should be under no more constraints than are the super-power signatories of the NPT. 1/2
1,2 & 4

Most of France's EURATOM partners are apparently willing to put off notification of the agreement with the IAEA in order not to provoke the French. They probably believe that France does not want to be responsible for delaying the NPT indefinitely--and its controls over any West German nuclear ambitions. They may be prepared eventually to grant Paris further exceptional status within EURATOM, although this could pose considerable political problems, especially for Bonn. 2

A formal announcement that the EURATOM-IAEA agreement is ready for ratification had been scheduled for September. Any delay will almost certainly draw a sharp Soviet response. Moscow has already protested Washington's decision to continue to supply fissionable materials to EURATOM before NPT ratification by EURATOM's non-nuclear-weapon members. 3 & 4

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COSTA RICA - COMMON MARKET: The Central American Common Market is on the verge of a new crisis as Costa Rica hints at withdrawal. 1/23

The latest dispute stems from Costa Rica's refusal to adhere to the automatic payments system which provides for immediate payment for goods exchanged among the member countries. President Figueres claims that the system encourages imports and adds to Costa Rica's large balance-of-payments deficit. Furthermore, Costa Rica needs stabilization credit from its market trading partners but will not receive consideration until the present difficulties are solved. 1

The dispute has prompted Figueres to suggest that his country might temporarily withdraw from the market and resort to a system of bilateral treaties. Such a move would seriously disrupt the faltering market and, if permanent, could adversely affect Costa Rica's economic growth. 2/23

It is doubtful that Figueres has actually made a decision to withdraw. He often plays events out in the media and makes final decisions after getting public feedback. Thus far, there is a growing belief both in and out of government that the disadvantages of membership are beginning to outweigh the advantages. Figueres' hint at withdrawal, however, could be intended only to extract greater concessions from the other members. 1/23

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VENEZUELA: The opposition Democratic Action Party has chosen Carlos Andres Perez, its secretary-general, as its presidential candidate for next year's general elections. 1

The only other major contender, former presidential nominee Gonzalo Barrios, withdrew and the convention ended on a note of unity and support for the fifty-six-year-old Perez. Former president Betancourt pledged that the party would not split again--a reference to the divisions that shook the party during and after the 1967 convention and denied it another term in office. 2

Perez has been criticized for his anti-Communist, law and order views, but his image of strength may become an asset at a time when many Venezuelan voters are said to be favoring former "strongman" Perez Jiminez. 1

Although no less nationalistic than President Caldera, Perez has tried to take a calm and a thoughtful approach to economic problems and relations with the international oil companies. In his public statements, he has affirmed that his government would follow a sensible, ordered, and progressive nationalism. 2 3

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NOTES

COLOMBIA: President Pastrana and other Conservative Party leaders are apparently attempting to change the political orientation of the military high command. [redacted]

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the Conservatives want to remove as many generals affiliated with the Liberal Party as they can before the elections of 1974, which mark the end of the National Front coalition. Mentioned as being vulnerable for reassignment to attaché posts are the minister of defense, the secretary-general of the ministry of defense, the commander of military forces, the commander of the army, the chief of the army general staff, and the judge advocate general. These officers are aware that the president and the leadership of his party may be moving against them. They probably will resist such pressures and are encouraging the army's chief of recruitment, a Liberal, to concentrate on recruiting officers with Liberal leanings. [redacted]

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LAW OF THE SEA: The UN Seabeds Committee has agreed on a list of topics for a Law of the Sea Conference. The Committee worked out the final wording after considerable debate during the month-long session that concluded on 18 August. The agenda does not, however, bring any closer to solution the basic problems with which the conference will deal: passage through straits, the breadth of the territorial sea, the economic rights of states beyond the territorial sea, and international machinery. No date has been set for the conference. When it does come negotiations are likely to be long and difficult. [redacted]

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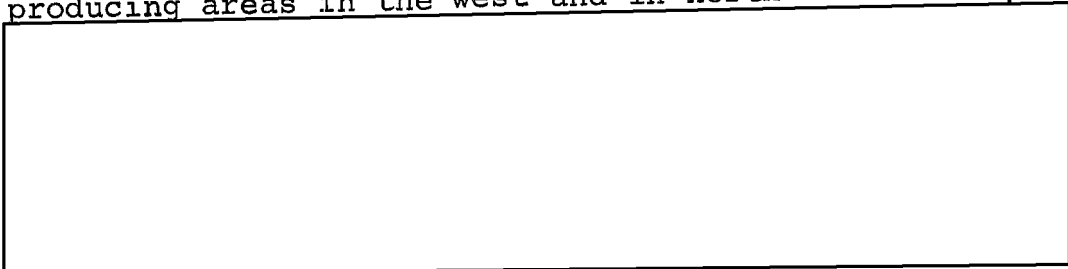
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INDIA: New Delhi anticipates foodgrain shortages later this year and the government is trying to ensure equitable distribution of available supplies. Early crop failures already have induced the government to tighten distribution procedures and extend price controls, in order to prevent speculative hoarding. Monsoon rains have improved prospects for winter-harvested rice and late-sown fall crops in north and central India, but drought conditions continue to threaten wheat, coarse grain, and rice-producing areas in the west and in north Bihar.

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