

DIRECTORATE OF INTELLIGENCE

# Central Intelligence Bulletin

Secret

Nº 042

16 October 1972

### Approved For Release 2003/08/05 : CIA-RDP79T00975A023000030001-2 SECRET

No. 0248/72 16 October 1972

## Central Intelligence Bulletin

#### CONTENTS

SOUTH VIETNAM: Communist forces appear to be preparing for a major effort in the Saigon area. (Page 1)

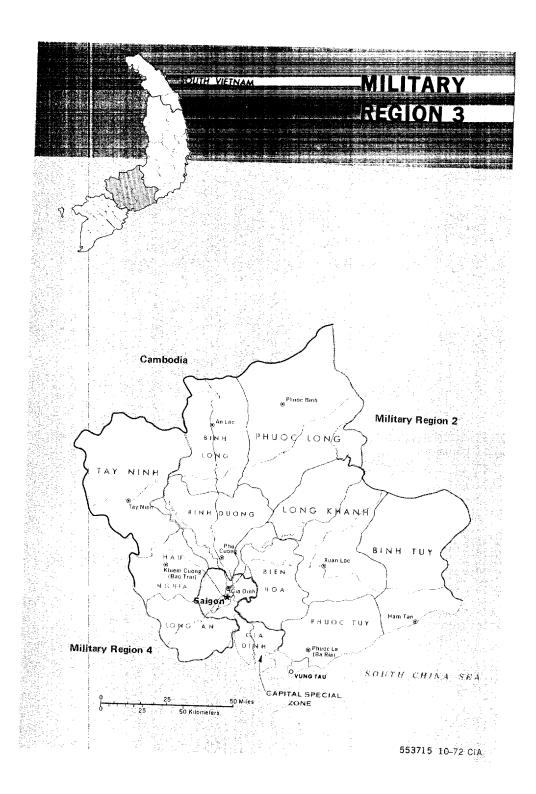
CAMBODIA: The new government includes no opposition elements. (Page 2)

CHILE: Truck owners refuse settlement. (Page 4)

EGYPT-USSR: Moscow and Cairo begin reconciliation talks (Page 6)

ISRAEL-FEDAYEEN: Israel strikes at fedayeen bases
(Page 6)

25X1



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SOUTH VIETNAM: Communist main force and local units appear to be preparing for a major effort against the Saigon area in the coming weeks.

One of the enemy's first objectives apparently is to sever the key highways of Military Regions (MR) 3 and 4 that lead to the capital. This kind of operation, which can be done without great numbers of massed troops, could seriously hamper government defensive deployments. The outbreak of Communist offensive action along Route 13 in southern Binh Duong Province last week and the cutting of several roads north and east of Saigon over the weekend probably represent the opening stages of a more comprehensive campaign.

The current disposition of enemy units in MRs 3 and 4 shows that they are expanding their operational areas to threaten not just strategic road-ways and waterways, but also some major towns and military installations. Shellings and sapper attacks in and near the capital probably are also a part of the enemy's planning. At least four large-caliber rockets have been discovered aimed at the

caliber rockets have been discovered aimed at the city,

Despite increased government security measures, some sapper and terrorist units have probably infiltrated into Saigon and its environs.

As the enemy's drive gets under way near Saigon, action probably will also erupt in other sectors of the country. This could include large-scale attacks on one or more fronts and heavy shellings of Da Nang and other key targets.

16 Oct 72

Central Intelligence Bulletin

1

25X1

25X1

#### SECRET

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25X1 25X1 CAMBODIA: The new government does not include any opposition elements.

The list of new ministers that first ministerdesignate Hang Thun Hak presented to President Lon Nol yesterday for his pro forma approval consists chiefly of technicians carried over from Son Ngoc Thanh's previous cabinet plus a few new and minor faces from the ranks of the pro-government Socio-Republican Party. The more important appointments include the shift of General Thappana Nginn to Defense from the Interior Ministry. The latter position will now be filled by former Military Region IV commander General Sar Hor. The able Long Boret remains as foreign minister. Lon Nol's younger brother, Colonel Lon Non, is also on the list--marking the first time that he has held cabinet rank. The unpopular Lon Non will be a "special minister" with responsibility for pacification programs.

Hang Thun Hak's government is not likely to be any more effective in dealing with the country's myriad problems than were its predecessors. The 46-year-old Hak's own governmental experience has been largely limited to his service as third deputy prime minister in charge of community development programs from May 1971 until this past March. His decision to retain a majority of veteran ministers, therefore, seems to be a prudent and necessary one.

Perhaps the most politically significant aspect of the new government is the absence of any representatives of the country's two main opposition parties, the Republicans and the Democrats. Lon Nol had some hopes of inducing members from those two groups to participate in a "government of national union." To that end he recently encouraged the development of a political dialogue between Socio-Republican leaders and Sirik Matak,

16 Oct 72

Central Intelligence Bulletin

2

the chief of the Republican Party.

25X1

3

16 Oct 72

25X1 25X1

Central Intelligence Bulletin

CHILE: The rejection by truck owners of settlement terms offered by the government frees President Allende's hand to take even firmer measures to end their politically motivated strike.

Allende accepted an offer of the non-striking bus owners union to mediate for the trucking companies. An agreement was reached that would terminate the strike if the government returned all impounded vehicles and released arrested strikers. The truckers' total rejection of the peace terms, however, gives the government a chance to take more stringent action. The military commander of Santiago has ordered that all transport and commerce must return to normal this morning. Under the state-of-emergency restrictions this drastic step is legal but was not expected by opposition leaders. A government transport monopoly has been discussed as a long-term solution.

The effects of the strike have been widespread but not severe. Police and army troops have given protection to non-striking drivers operating impounded vehicles. An army general has been named coordinator of land transport, and soldiers are protecting gas stations to ensure that governmentcontrolled trucks can operate. Food supplies appear to be holding up, public transportation is operating, and only petroleum products for private use are in short supply. There has been no significant violence in Santiago. The sympathy strike of small shopowners is effective only in the downtown and better sections of Santiago and some provincial towns. Large department stores, food chains, and retail outlets in the poor neighborhoods are open as usual--some under pressure.

By choosing an issue with which their own employees and the public are not sympathetic, many of Chile's small businessmen have exposed themselves to retaliation. With employers' strikes being used more frequently as a political weapon, the Allende government has good reason to demonstrate forcefully that such disruptions will not achieve their objectives.

16 Oct 72

25X1

Central Intelligence Bulletin

4

#### NOTES

EGYPT-USSR: The first round of serious reconciliation talks between Moscow and Cairo begins today with the visit of Egyptian Prime Minister Sidqi to the Soviet Union. Some indication that the dialogue will not be entirely smooth was given by Egypt's leading journalist, Muhammad Haykal, on Friday when he warned against turning "the page on this dispute without deep debate." Nevertheless, the fact that talks are beginning indicates the interest of both parties in working to resolve their differences. Cairo's desire for a degree of normalization was also indicated by Haykal when he called for renewed friendship and cooperation between the two countries.

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ISRAEL-FEDAYEEN: Israeli aircraft yesterday bombed four fedayeen bases in Lebanon and one in Syria in the first military action in a month. The air strikes seem intended principally to remind the fedayeen and the Beirut and Damascus governments that Tel Aviv will permit no laxity toward renewed fedayeen activity. There have been no incidents of any magnitude nor any Israeli casualties since 20 September. Tel Aviv is certainly aware, however, of the growing opposition in fedayeen ranks to Fatah leader Arafat's agreement with Beirut to limit guerrilla activity from Lebanese territory.

25X1

16 Oct 72

25X1

Central Intelligence Bulletin

6

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