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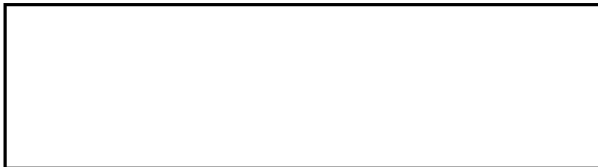
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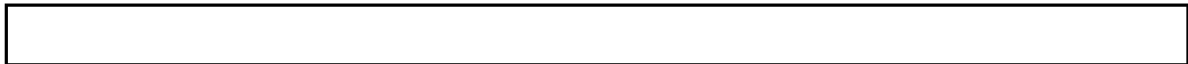


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CUBA: Fidel Castro's May Day speech gave no hint of movement in his attitude toward relations with the US. The thrust was rather an attempt to place Cuba at the forefront of a Latin America united against the US.

Castro championed--as Cuban spokesmen have repeatedly done in recent international forums--all of the major complaints the Latin Americans have raised against US economic policies in the hemisphere. As evidence of Cuba's common cause with Latin America, he pointed to Havana's support for Latin American positions on such issues as sovereignty over natural resources, US trade barriers, and the planned sale of US mineral stockpiles. He described specific Cuban grievances, such as the Guantanamo naval base, as less important than the problems Latin America has with Washington, and repeated Cuba's willingness to cooperate with nations that demonstrate their independence of the US, implying that his definition of such independence is increasingly flexible.

Castro's comment that Cuba can wait as long as necessary for a new Latin American organization without the US was a recognition that Cuba still lacks the influence with other Latins to press actively in this direction. But he continues to insist that Cuba wants nothing to do with the OAS as long as the US is a member and the headquarters are located there.

On relations with the US, Castro returned to the subject of the economic blockade as a bar to any dialogue. Because he does not expect any early change in the US position on this and other outstanding problems, he rejected any secret, direct talks with Washington.

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Castro's frigid tone on the subject of US-Cuban relations may be related to a growing concern over the implications for Cuba of the expected Brezhnev trip to Washington. Fidel may press Brezhnev, who has never been to Cuba, to stop off in Havana either before or after his trip to the US in return for the two visits by Castro to the USSR last year. If such a visit takes place, Castro will undoubtedly seek reassurances that Cuban interests will not be compromised.

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LEBANON-FEDAYEEN: Heavy fighting broke out between the army and guerrillas in Beirut yesterday. The clashes are the most serious since those of 1969 which left Lebanon without a government for several months.

According to the Defense Ministry, the crisis developed when guerrillas fired rockets at army positions in the southern suburbs of the capital. At that time, negotiations were under way for the release of two Lebanese soldiers seized by the guerrillas. Lebanese forces, supported by tanks and armored vehicles, immediately surrounded all Palestinian refugee camps in the Beirut area and returned fire against fedayeen positions.

Twelve Lebanese were killed and 40 wounded. Guerrilla losses are not known, but are presumed to be heavier. Fedayeen rockets set fire to an army fuel station and damaged barracks and a city post office. The situation outside Beirut is thus far relatively stable.

President Franjyah met with his top security officials to deal with the situation. The government had already moved to improve coordination between the army and other security forces in actions against the fedayeen.

For his part, guerrilla leader Yasir Arafat contacted Lebanese authorities to arrange a cease-fire. An agreement was reached, but sporadic firing continued throughout the day. The subsequent release of the kidnaped soldiers helped to calm the situation, but independent action by some fedayeen could trigger further fighting. For example, during yesterday's fighting, terrorists fired rockets in the direction of the US Ambassador's residence, but there were no casualties or damage.

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Increased fedayeen activity in Beirut and their movement into areas near the southern border with Israel since the Israeli raid on 10 April have strained Lebanon's relations with the Palestinians. During the past week three guerrillas were arrested at the Beirut airport as they tried to smuggle explosives out of the country. A number of others have been detained in connection with an apparent attempt to stage an action against the US Embassy. The kidnaping of the two soldiers was intended to force the release of these fedayeen.

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INDIA: Mrs. Gandhi has denied widespread Indian press reports that India plans to import an additional 6-7 million tons of foodgrains "during the next several months." The press reports were attributed to Ministry of Agriculture officials who apparently wanted to discourage hoarding and speculative buying, and forestall further food riots. Mrs. Gandhi's denial probably was intended to reduce the potential impact of the press reports on world grain prices.

Foodgrain supplies to the consumers have indeed declined recently as the government depleted its remaining stockpiles to meet demand and to avoid further unrest in Maharashtra State, where riots broke out last month. Regular distribution channels have also been disrupted following the government's nationalization of the wholesale grain trade on 1 April. As a result, farmers are withholding grain in hopes of forcing the government to raise its procurement price for wheat, which is currently below the free market price.

The ministry's statements were an effort to shake loose these grain stocks. US Embassy officials were told privately that New Delhi actually plans to import only 2-3 million tons "quickly," in addition to the 1.65 million tons already bought this year. The government will then re-evaluate the situation. If farmers sell enough grain to the government, and if the summer monsoon beginning in June is favorable, these initial purchases may be enough to get India through the next critical months. If this strategy fails, New Delhi probably will try to obtain credit in lieu of using foreign exchange to purchase the entire 7 million tons.

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WEST GERMANY: A first-quarter trade surplus in excess of \$2.5 billion may indicate another record is in the making. Exports were up 19 percent from the first quarter of 1972. Imports grew 17 percent in the same period, but most of the increase came from rapidly rising prices. The trade surplus for the rest of the year may be reduced somewhat by the growing demand for foreign goods, despite their high prices, as the West German economy continues to boom. Leading economic research institutes have also predicted some adverse effects on exports from the recent currency realignments, although past German experience with revaluation does not bear this out.

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