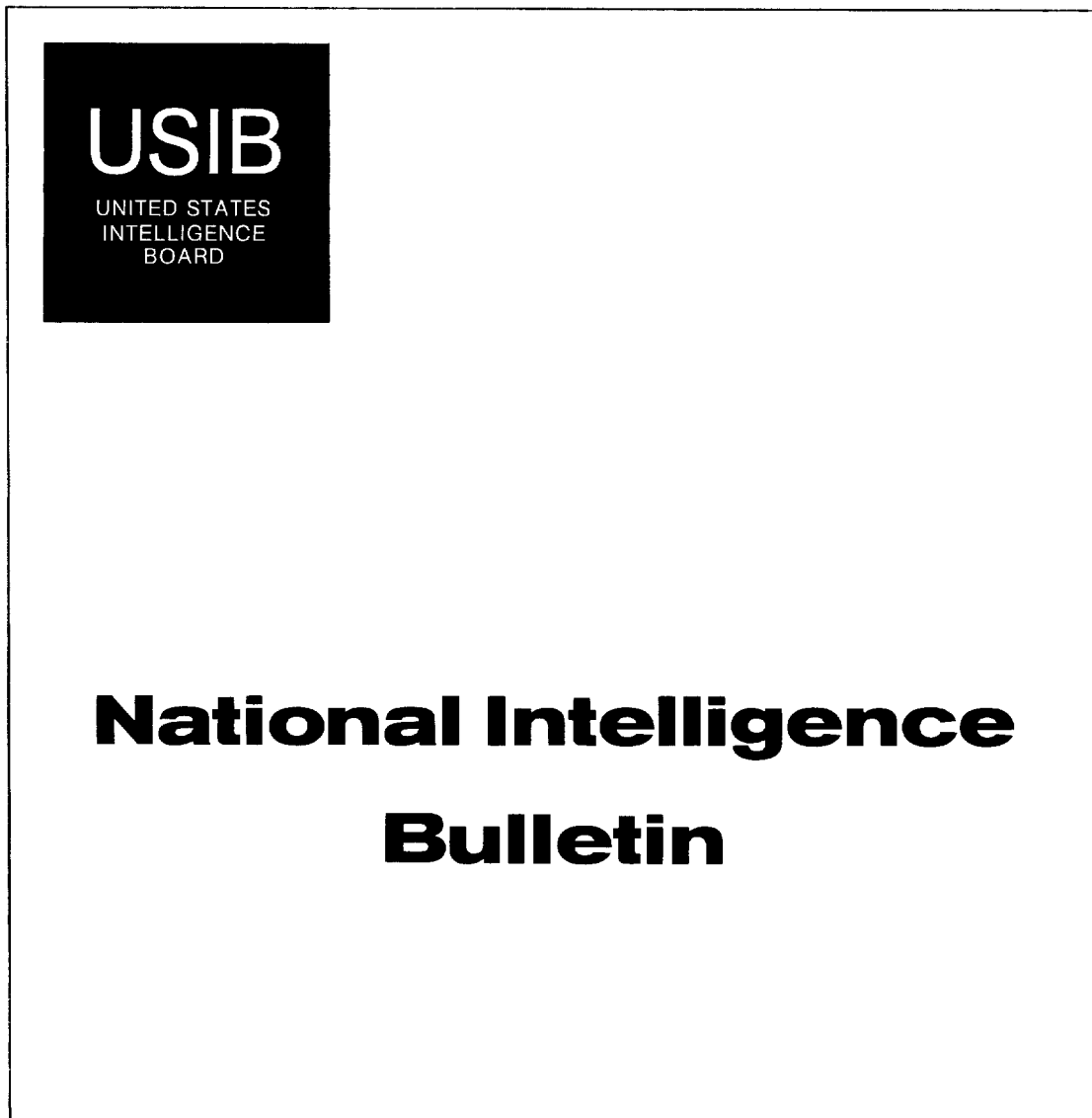


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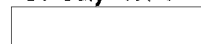


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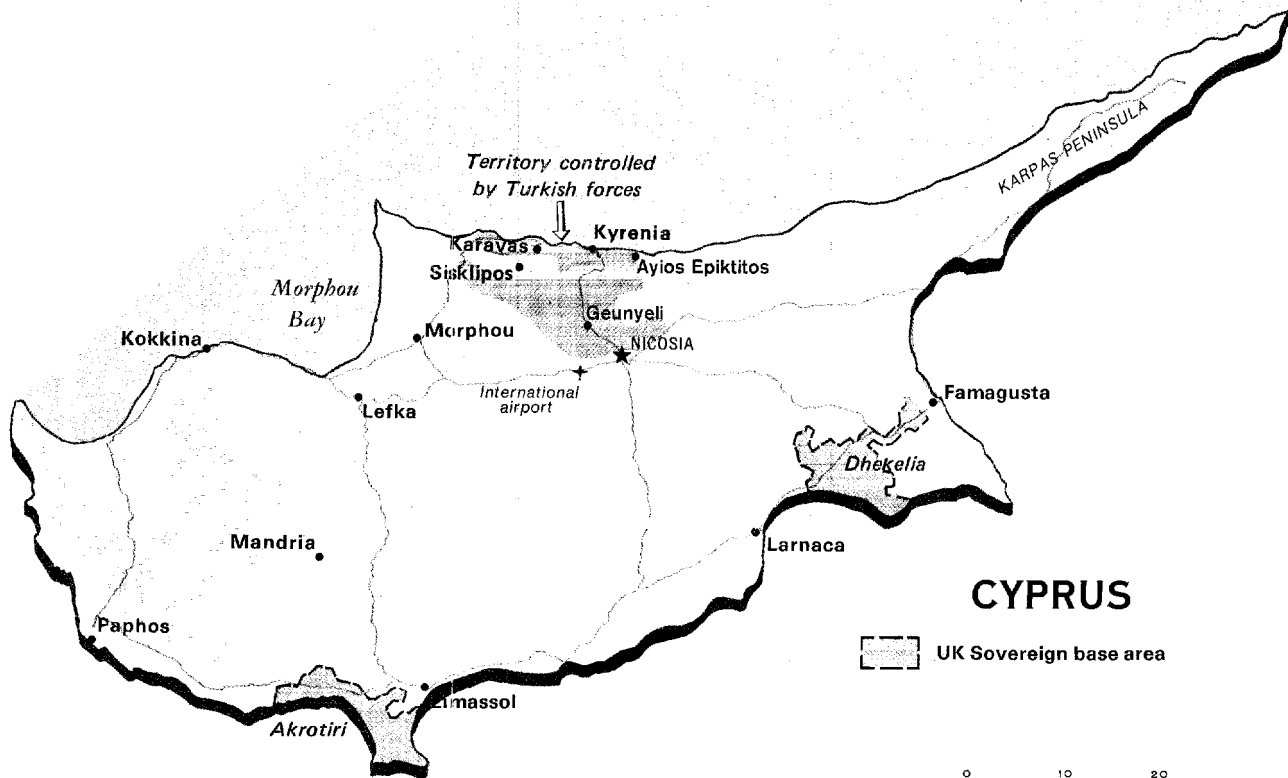
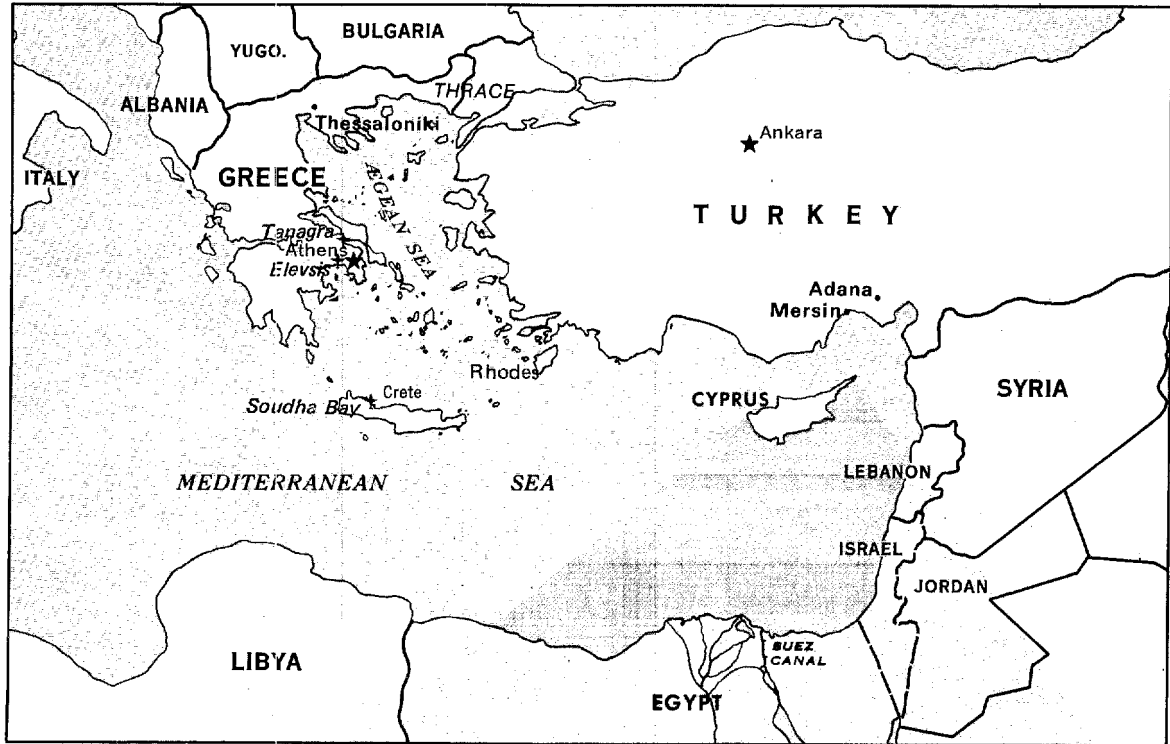
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GREECE-TURKEY-CYPRUS

The first phase of the Geneva peace talks came to a successful conclusion yesterday when the foreign ministers of Britain, Greece, and Turkey signed an agreement formalizing the cease-fire on Cyprus. Major negotiating difficulties lie ahead, however, when the ministers meet again on August 8 to discuss the political future of the island. Representatives of the Greek and Turkish Cypriot communities will participate in the next round of talks.

The agreement indicates that Athens conceded to Turkey's major demands. The tricky question of Turkish troop withdrawal was resolved by a statement calling for measures that will lead to the "timely and phased reduction" of the number of armed forces and amount of materiel on Cyprus. Ankara had adamantly refused to accept the word "withdrawal."

The agreement also recognizes the existence in practice of two autonomous administrations on Cyprus, although it was noted that this recognition would not "prejudice the conclusions to be drawn from this situation." The ministers agreed to discuss this matter at the next stage of the talks, as well as the "constitutional legitimacy" of the Turkish Cypriot vice president of Cyprus. The agreement also notes that all Turkish enclaves occupied by Greek Cypriot forces should be evacuated immediately.

The agreement is clearly a victory for the Turkish side, which used its new strength on the island to extract significant concessions.

The agreement's failure to provide for complete withdrawal of Turkish forces probably will place some strain on Prime Minister Karamanlis' new government. Karamanlis should be able to transfer this criticism to the former junta, however, since it was the junta's policies that initiated the crisis.

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A permanent political solution for Cyprus is clouded by the prospect that Archbishop Makarios might return to the island. Makarios said in London yesterday that he was the elected president of Cyprus and that "nothing" could prevent him from returning. He qualified his statement, however, by noting that his main concern was the future of Cyprus and that his return would depend on developments.

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A former cabinet minister under Makarios also predicted civil war if the archbishop returns. He told a US embassy official that President Clerides was generally acceptable to all political groupings.

Clerides reportedly intends to form a government of national unity, which will include elements of all "national thinking people" and will establish the "closest possible relations" with the Greek government. Clerides said he had advised Makarios not to return to Cyprus and hoped he would resign, but Clerides added that he would not object to Makarios' contesting the presidency in the future.

In a press conference of July 28, the general secretary of the powerful Cypriot Communist Party made a statement which seemed to endorse Clerides' candidacy. The party had previously been a staunch supporter of Makarios.

Scattered incidents of fighting on Cyprus were reported again yesterday. President Clerides phoned the US embassy in Nicosia yesterday afternoon to complain about reported Turkish movements near Sisklipos, northwest of Nicosia. Turkish military sources told US embassy officials that there were still pockets of Greek resistance in this area, including one artillery piece that has been shelling Turkish forces on the beaches.

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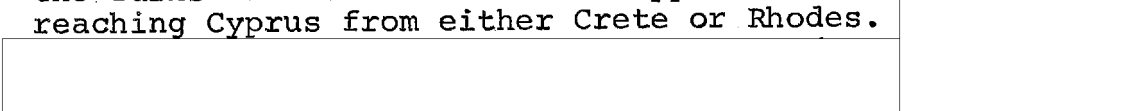
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The US defense attaché in Athens has reported that the airport at Soudha Bay has been closed. A US aircraft was not permitted to approach within five miles of either Elevisis or Tanagra air bases on the Greek mainland. The attaché speculated that the two incidents were related, and that the Greeks are attempting to hide from the US a possible resupply attempt of Greek forces on Cyprus. There is no evidence that a military resupply effort is under way, although press reports indicate the Turks are concerned about supplies and reinforcements reaching Cyprus from either Crete or Rhodes.

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GREECE

In evaluating the cabinet named by Prime Minister Karamanlis last week, the US embassy in Athens feels the Prime Minister has vindicated the old political establishment by honoring those who resisted the junta regimes.

Karamanlis in his appointments made no concession to the far left or to popular heroes, but nominated a solid profile of those who stood in firm, consistent opposition to the junta. At the same time, however, he denied positions of influence to those most inclined to seek revenge against the military.

The embassy feels it is still unclear whether the cabinet as a whole will have much responsibility or power. While some ministries were assigned to men perhaps better suited to other offices, the key posts of interior, defense, foreign affairs, and public order are in the hands of patriots and proven leaders. Nevertheless, the cabinet's overall makeup suggests that family ties and respectable connections were still helpful in obtaining appointments.

Karamanlis will focus on stopping the military from meddling in politics once the critical aspects of the Cyprus situation are under control [redacted]

[redacted] He is aware that he will have to move cautiously in order to avoid stirring up internecine conflicts within the armed forces.

The Prime Minister said that he had angrily rebuked Defense Minister Averoff for not consulting him before issuing a statement last week praising the army and indicating that Greek strongman Ioannidis was still on duty.

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USSR-FEDAYEEN

Palestine Liberation Organization Chairman Yasir Arafat is in Moscow seeking assurances of support for the Palestinians in the next round of Middle East peace negotiations. The Soviets seem unlikely, however, to recognize him and his organization as the sole representative of all Palestinians.

Arafat is particularly eager to win an explicit statement of Soviet backing at this time, since he is under heavy fire in fedayeen councils for the alleged failure of his relatively conciliatory policies toward a negotiated settlement. He lost some of the strength he had gained through cooperation with the Egyptians when President Sadat recently agreed with Jordan's King Husayn that Amman should represent Palestinians resident in Jordan.

Although the Soviets may take further steps toward acknowledging Arafat's leadership, their concern over fedayeen disunity probably precludes formal recognition of the PLO at this time. A Soviet Foreign Ministry official recently stated that the nongovernmental Afro-Asian Solidarity Committee will again be Arafat's official host.

The Soviets continue to be frustrated in dealing with the faction-ridden fedayeen movement. In a press article on July 29, the editor of Izvestia criticized both the extremists and the "reactionaries" among the Palestinians for their divisive tactics. The article said the fedayeen will be successful only when they achieve unity of direction and purpose. Moscow may take advantage of Arafat's visit to urge the Palestinians once again to intensify their efforts to arrive at a common program.

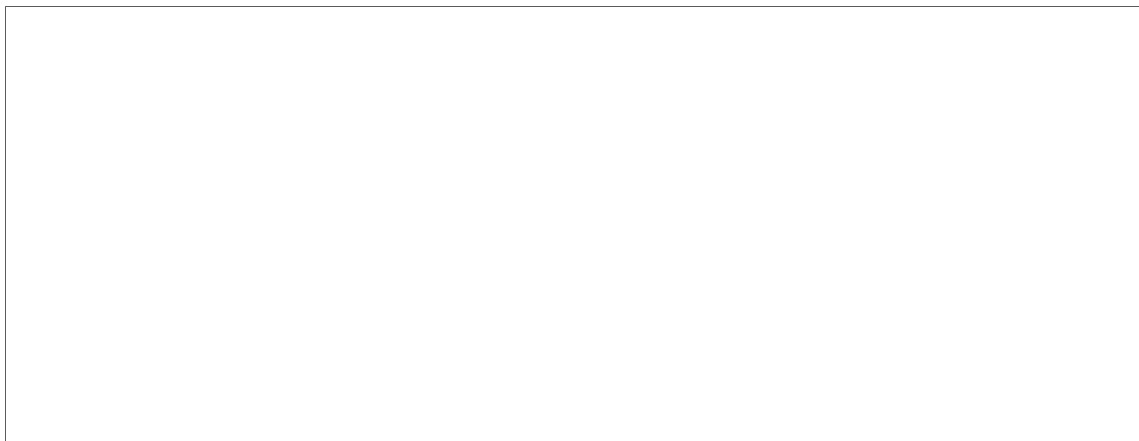
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USSR

The Soviets for the first time have put a communications satellite in stationary orbit. Launched Monday, the satellite, identified by Tass as "Molniya 1-S," is now in position over the Indian Ocean and is relaying communications between ground stations in the USSR. An earlier geo-stationary satellite, launched successfully in March, probably involved only an engineering test.

Since 1969, Soviet space scientists have spoken of the desirability of having a communications satellite in stationary orbit over the Indian Ocean. From this position most ground stations in the Soviet Union could relay messages via a single satellite 24 hours a day. In the past, more than one communications satellite was required for the Soviets to achieve 24-hour coverage. The US uses geo-stationary communications satellites in similar orbits over the Atlantic and the Pacific.



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Communications relay is not the only potential use of geo-stationary satellites. The Soviets have mentioned placing meteorological and scientific payloads in geo-synchronous orbits. Other missions, such as strategic early warning and intelligence gathering, could also be performed by satellites in such orbits. 

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WEST GERMANY

Bonn requested a special meeting of the Inter-German Transit Commission yesterday to clarify problems resulting from sporadic East German harassment of traffic on the autobahns during the past few days.

The request followed an incident on July 29 when, for the first time, an employee of the Federal Environmental Office was denied access to West Berlin. After the employee declined to answer questions, the East Germans refused to allow him to proceed and only permitted his family to continue on to West Berlin.

At least five employees of the environmental office are known to have used the autobahns without incident. All employees have been instructed to avoid provocative behavior and to produce only their personal passports, which do not show the nature of their employment.



The West Germans hope to resolve the issue in the commission and thus avoid escalation. Bonn's representative in East Berlin is prepared, however, to demand consultations with the East German Foreign Ministry if Pankow refuses to attend the talks or if the commission fails to resolve the problem.

To support its position, Bonn is urging the three Western allies to issue a formal demarche to Moscow demanding that East Germany desist from acts that contravene the Quadripartite Agreement on Berlin.



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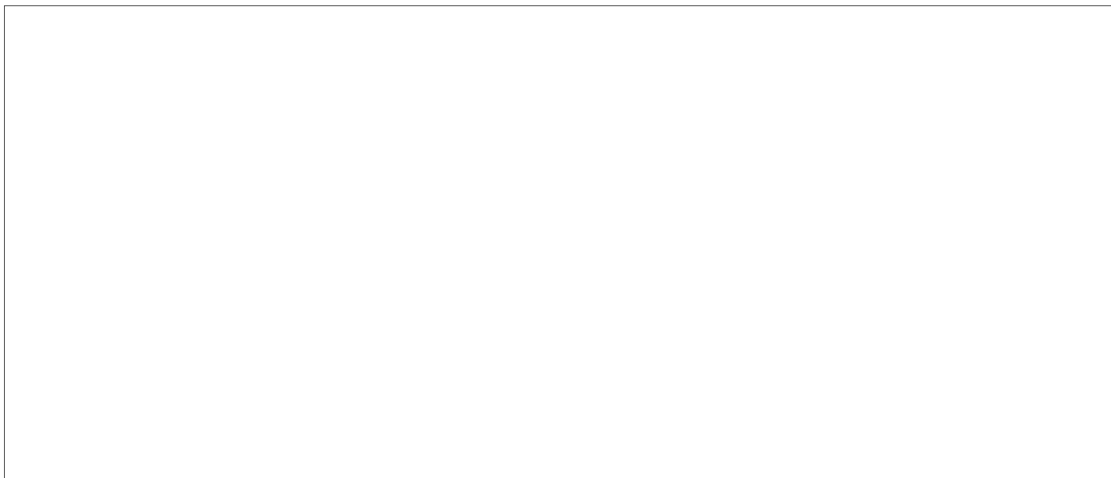
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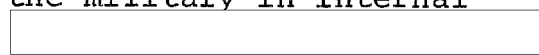
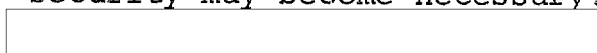
ARGENTINA

The Montoneros, the largest terrorist youth group within the Peronist movement, have disavowed Mrs. Peron as long-term successor to her husband and have threatened violence against her government. The warnings come amid speculation that the Montoneros are about to be declared illegal.

The threat was made last weekend during memorial ceremonies on the anniversary of Eva Peron's death. Spokesmen for the Montoneros, which claim to have shunned illegal acts since the end of military rule, also called for removal of some cabinet ministers, revision of the national economic social pact, freedom for political prisoners, end of repression, and removal of "agents of imperialism" from Argentina.



Although an outbreak of violence that would require the imposition of martial law is not anticipated at this time, greater participation by the military in internal security may become necessary.



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SOUTH KOREA

The political situation in Seoul, especially President Pak's intolerance of any opposition to his rule, has become a matter of serious concern in the US, Japan, and to other supporters of South Korea in its competition with the Communist North.

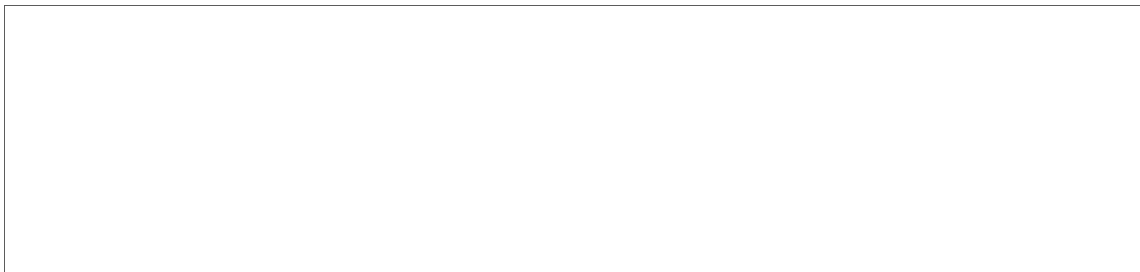
Pak's repressive measures are receiving wide coverage in the Western press. He has gradually discarded representative institutions and civil liberties since his reelection in 1971, a process that culminated earlier this year in the promulgation of "emergency decrees" outlawing virtually all criticism of Pak or his political system.

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There is no reliable evidence that any of those arrested under the "emergency decrees" are connected with the persistent North Korean effort to subvert the South Korean government. The trials in Seoul, moreover, are contributing to a growing uneasiness among important segments of the South Korean population. Although it is likely that the rural areas, the main source of Pak's popular strength, are relatively unconcerned, activist student and Christian groups probably remain alert to any signal that an overthrow of the Pak system is feasible.

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At governmental and political levels in South Korea there is fear that the US Congress will react to Pak's actions by making substantial cuts in military and economic aid. Another concern is that US, Japanese, and other foreign investment may be cut back in the face of an apparent increase in political instability. South Korean diplomats, for their part, are worried over the possible effect on Seoul's international standing, particularly in light of the UN General Assembly session this fall when "Korea" may again be a controversial issue.

President Pak is calling the signals in Seoul, and his personal appraisal of the situation is what counts. Pak toughened his line against dissenters in April in response to what he saw as a well-knit student conspiracy to topple his regime. He professes to see the Communist hand behind the alleged conspiracy, but his dragnet has included nonleftist oppositionists whom he also looks upon as threatening.

In moving against such elements, including some of the nation's most respected figures, Pak hopes to nail down the point that opposition of any stripe will simply not be tolerated. It has been assumed that, as in the past, Pak would relax the political pressure once he had driven this point home. But Pak's willingness to shift gears at any early date cannot be assumed. While he is not ignoring the external pressures, he may well see a greater peril in easing up on his opponents too soon.

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In any case, Pak is not greatly interested in the democratic precepts that his opponents in Seoul constantly clamor about. Western liberalism, in his view, is alien to the Korean nature. At best, as Pak sees it, Koreans will be ready for "democracy" when they reach Western economic levels.

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In the past, despite personal distaste, Pak made some effort to live with at least the forms of representative government, largely in deference to the US. It may be that with US military aid levels declining year by year, and with South Korea almost on its feet economically, he no longer feels compelled to give as much weight to American appraisals of his regime.

[Redacted]

Pak is not insensitive to the dangers in the present situation, and he is a politician with a demonstrated capacity for tactical adjustment at critical moments. His actions of recent weeks, however, and particularly the scope of the current arrests and trials, appear to have taken him closer to the point of no return politically than he has ever been. He may have so antagonized his opponents that they are now inalterably committed to his overthrow.

In such circumstances, the political situation in South Korea is likely to become more unsettled and the outcome increasingly unpredictable.

[Redacted]

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FOR THE RECORD

25X1 Saudi Arabia - Abu Dhabi: Saudi Arabia and Abu Dhabi on July 29 signed a preliminary agreement resolving their long-standing border dispute. [redacted]

[redacted] the agreement gives the Saudis a corridor to the Persian Gulf and control over part of the Zarrara oil fields on the border. The Saudis, in return, renounced their claims to the Buraimi oasis and are likely soon to extend diplomatic recognition to the UAE. A final agreement will be signed when Sheikh Zayid, the ruler of Abu Dhabi and president of the UAE, makes a visit to Saudi Arabia, presumably in the next few months. [redacted]

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Spain: General Franco's departure from the hospital yesterday and the attendant publicity given to his recovery have relaxed the political tensions that arose during his illness. Both the political establishment and the general population have resumed their usual summer preoccupation with holiday plans. Summer leaves of high government officials had been canceled, but have now been rescheduled. Behind this optimism, however, is a feeling among informed Spaniards that although Franco has recovered from an acute attack of phlebitis, his general health may not be as good as the official pronouncements claim. Indeed, Franco has not yet taken back the functions of chief of state that he temporarily relinquished to Prince Juan Carlos on July 19. [redacted]

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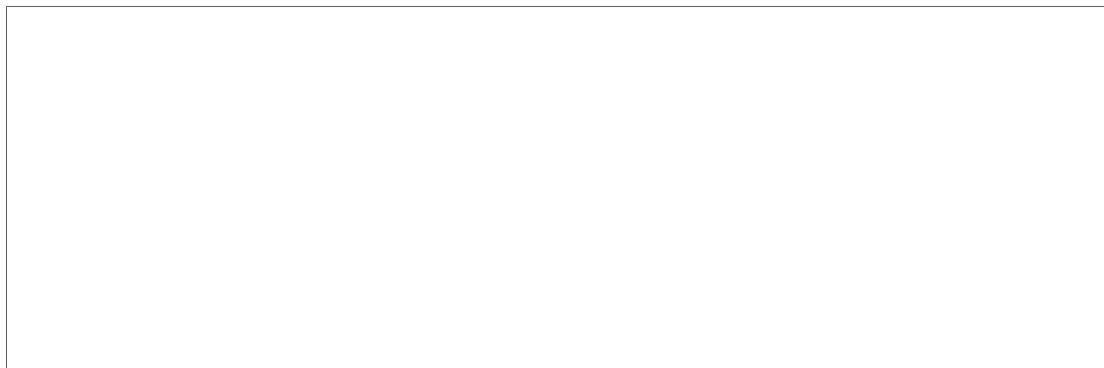
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Chile: The four death sentences handed down by an air force court-martial yesterday are likely to be commuted. The junta, which will have the final word on the death sentences, has been increasingly sensitive to the damage that executions have done to Chile's international image. All death sentences handed down by military courts so far this year have been commuted. Other sentences imposed yesterday, ranging from 300 days to life in prison, may also be reduced on appeal to higher military authorities.

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Rhodesia: Prime Minister Ian Smith and his Rhodesian Front Party have won re-election in a landslide victory. The party appears almost certain to win all 50 white seats at stake in the general election. The result will be especially disappointing to the more moderate Rhodesia Party, which had presented the most concerted challenge to Smith's party since it came to power in 1962.

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