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DOE review completed.

State Dept. review
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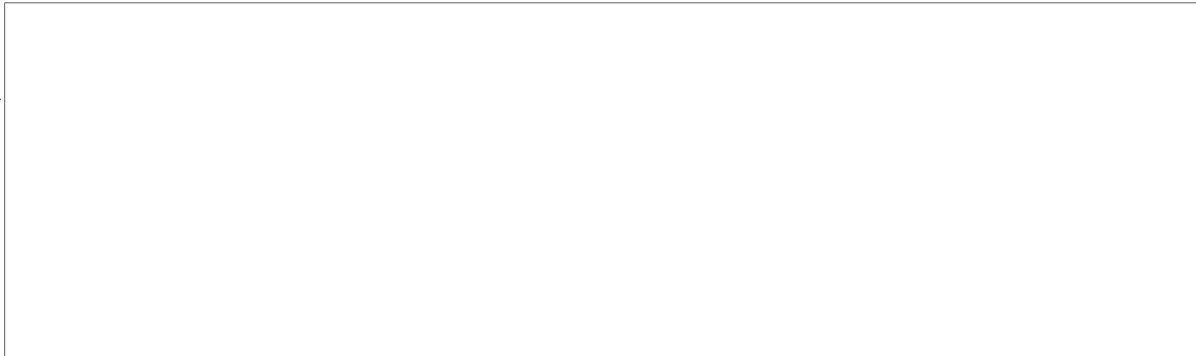
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JAPAN-CHINA-USSR

Tokyo and Peking are now stalemated in negotiating a peace and friendship treaty, but an eventual compromise is likely.

The central problem is China's proposal that the treaty include a clause opposing third-country attempts to establish hegemony in Asia--a veiled reference to the Soviet Union. Tokyo, anxious to maintain a rough balance in its relations with Peking and Moscow, would prefer to avoid any language that could be construed as anti-Soviet.



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Despite the disagreement, "line-by-line" drafting of the treaty reportedly is under way in Peking, suggesting that both sides are interested in a compromise. Tokyo would be willing to accept a hegemony clause that could not be read as a direct attack on the USSR. Peking has an incentive to show greater flexibility in the interest of nailing down the treaty and showing up the Soviets, who have no immediate prospect of a peace treaty with Japan.

Moscow seems reconciled to the early conclusion of a Sino-Japanese treaty. The Soviets, however, have tried to stiffen Japanese opposition to an anti-Soviet clause, most recently in signed commentaries in Pravda and Izvestia.

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The commentaries are tough on the Chinese and--given the fact that Moscow would prefer that Tokyo not sign any treaty with China until Japan is willing to sign one with the USSR--relatively easy on the Japanese. The Soviets charge that Chinese leaders have admitted that the Soviet Union is the target of the hegemony language and that Peking's purpose is to drive a wedge between the USSR and Japan. The commentaries praise those Japanese leaders who are sensitive to the real purposes of the Chinese and are resisting the hegemony language in the treaty.

The timing and tone of these commentaries suggest Moscow sees some hope that Tokyo will be able at least to water down the treaty's language. The Soviets probably believe that their previous representations in Tokyo against the treaty caused the Japanese to take a tougher stand in the talks with Peking. If Tokyo capitulates, the Soviets may feel that their many warnings will have put the Japanese on the defensive when they finally decide to deal with Moscow on a treaty.

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WEST GERMANY

Bonn has decided to accelerate its review of West German policy toward the developing world as a result of the collapse of the Paris preparatory conference of oil producers and consumers. Chancellor Schmidt has long felt that present West German policy fails to take into account current political and economic realities. The coalition partners also have been under increasing pressure recently to make sure that development aid policy helps ensure West German access to vital raw materials.

In undertaking the policy review, Schmidt recognizes the futility of a continued stalemate in the dialogue between developed and developing states. The review will aim at finding a way to take the initiative away from the developing states, perhaps with counterproposals that skirt the objections of the industrialized states but nevertheless recognize some of the developing nations' fundamental demands.

Under strong prodding from the Chancellor and with the support of Development Aid Minister Bahr, Bonn's policy review will reassess West German interests relating to energy, raw materials, and overall relations with the Third World. The West Germans hope to develop proposals to assist the developing countries attain their goals by considering all the issues that these states had hoped to include in the agenda for a full conference after the Paris meeting. The present schedule calls for cabinet consideration of the review in mid-May--prior to the ministerial meetings of the International Energy Agency and the Organization for Economic Cooperation and Development, scheduled for late May.

It is still too early to tell whether Bonn's review will result in fundamental changes in West German policy toward the Third World. Of the West European nations, West Germany has been among the most conservative in its policy toward developing countries. It is clear, however, that the Development Aid Ministry, under the ambitious Bahr, is making a determined effort to bring Bonn's policies more into line with the views of moderate developing states.

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USSR-PORTUGAL

The Soviets have tried to put a good face on the outcome of the Portuguese election, asserting that the voting took place peacefully, fascism was repudiated, and the policies of the provisional government were endorsed. But their media coverage has also been unusually explicit about the poor showing of the Portuguese Communist Party.

The election results are presented in a straightforward way, with detailed returns and sometimes candid observations. The success of the Socialist Party is made abundantly clear. One commentary notes that the Socialists, by joining with the Communists, would have a majority, but adds that they would have a still larger majority with the Popular Democrats. Communist leader Cunhal is quoted as saying that he "always thought" it desirable for the Socialists and Communists to work together.

The Soviet commentaries raise the possibility that Moscow is not altogether displeased by the results. By presenting its home audience with this sober coverage of the elections, Moscow could be guarding against inflated expectations should developments turn out badly for the Portuguese Communists and the Soviet Union.

Moscow may calculate that the relative lack of electoral support for the Portuguese party will make it more amenable to Soviet influence. The Soviets are also likely to interpret the results as evidence of the wisdom of the Portuguese Communist Party's associating itself closely with the Armed Forces Movement, which remains the locus of power.

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TURKEY

Civil authorities are taking a tougher stance against the growing student violence in Turkey.

Istanbul University on April 24 was the scene of the most violent clashes between rightist and leftist student factions since the demonstrations that ultimately led to the downfall of the Demirel government in 1971. Until the most recent encounters, police showed great restraint toward the students and seldom actually engaged them, while students avoided provoking the police. In the latest demonstrations, however, mutual restraint appears to have disappeared, and both sides used a great deal more force. It is too early to tell if the police crackdown represents a hardening position at the local level or is the result of a "get-tough" policy on the part of the Demirel government.

Meanwhile, the Middle East Technical University in Ankara, which was closed on April 16 after student disturbances, was scheduled to reopen this week and may again be the scene of violence. [REDACTED]

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[REDACTED] All law enforcement agencies have been notified and appropriate measures have been taken to respond to any violence.

The growing incidence of violence among students, which stemmed initially from legitimate grievances against the Turkish educational system, appears to be taking on political overtones and may signal mounting student opposition to the Demirel government. The rectors of 13 Turkish universities who met in Izmir last week denounced the incidents as politically motivated and called upon the government to take appropriate measures to restore order. This move is an effort to absolve the universities of responsibility for the discontent, making it a political problem necessitating government solution.

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Although not anywhere near as critical as the situation in 1971, that led the armed forces to unseat Demirel, the student disturbances could prove embarrassing to the government. They have already provided fuel for the opposition, which has charged that right-wing backers of Deputy Prime Minister Turkes have been active in the disturbances.

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SOUTH AFRICA

Pretoria expects to be a world supplier of enriched uranium, as well as uranium ore, by the late 1980s.

Earlier this month, South African officials announced that their uranium-enrichment pilot plant, using their new aerodynamic process, had gone into operation. It is likely, however, that only part of the plant is actually operating. The South Africans also reiterated their confidence that the process will be competitive on the world market. South Africa's first commercial enrichment plant using the new process is currently scheduled to begin operations in 1984 and to reach full capacity two years later.

To make the process economically competitive, the South Africans must keep to a minimum both the amount and cost of the electricity used in the process. They have indicated that the amount of electricity needed has been reduced at least below original estimates. Relatively cheap electric power is available in South Africa today because the country has considerable amounts of inexpensive coal. Nevertheless, South Africa plans to supplement its own electrical power supply with power from neighboring Mozambique's Cabora Bassa hydroelectric project, which is scheduled to begin operations this fall.

The South Africans could adapt their enrichment process for the production of weapons-grade material. The government claims it has the capability to build nuclear weapons, but says its policy is to use the enriched uranium for peaceful purposes. Pretoria, however, has not signed the Nuclear Non-Proliferation Treaty and could assist other potential nuclear-weapons states.

Details about the South African enrichment process remain closely guarded, [redacted]

[redacted] Pretoria seems willing to export its technology, as well as its uranium, to countries seeking their own independent uranium-enrichment capabilities.

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ARGENTINA

The election of congressional officials on April 25 has established the line of presidential succession in accordance with President Peron's wishes.

The constitutional successor, Senate leader Jose Allende--a non-Peronist--has resigned. Some members of the Peronist bloc had wanted to fill the position from their own ranks. The leadership, however, has apparently prevailed on the majority to heed Mrs. Peron's preference for leaving the post vacant, probably because a strong incumbent might increase the chances of her being replaced.

Instead, Chamber of Deputies president Raul Lastiri, who has been reelected, now stands next in line for the presidency. Lastiri, who served as provisional president before Juan Peron's election in September 1973, is the son-in-law of presidential adviser Lopez Rega and thus a member of Mrs. Peron's official "family."

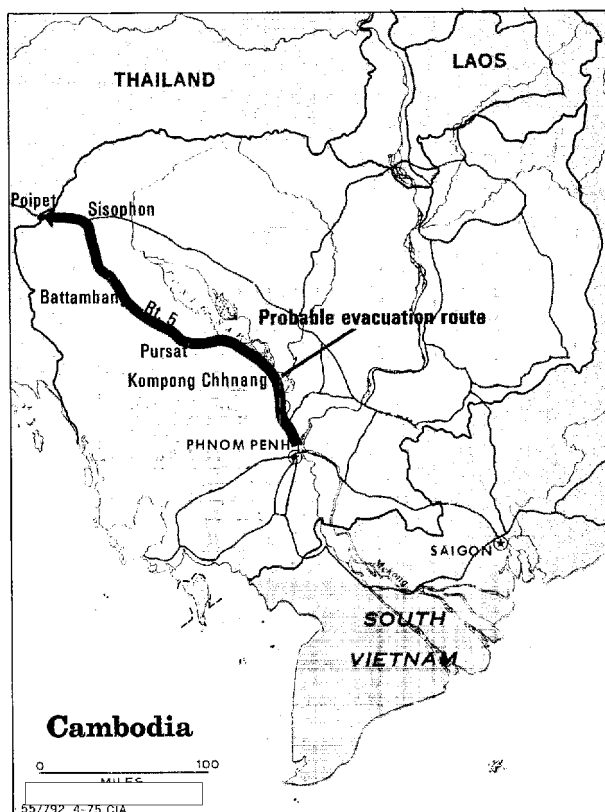
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FOR THE RECORD

Cambodia: The French have provided details on the Khmer communists' plan for deporting foreigners from Phnom Penh. All foreigners now stranded in the French embassy compound--over 600 at last count--will be transported by road from Phnom Penh to the town of Poipet on the Thai border. The foreigners will be shuttled to the border in groups beginning on April 30; the total evacuation could take 15 to 20 days. The French have made arrangements with the Thai government and the Red Cross for medical treatment and transportation for the evacuees once they cross the border. Although all French personnel will be leaving, Paris has already expressed its willingness to establish ties with the new regime in Phnom Penh and will presumably seek to reopen its embassy as soon as possible.



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ANNEX

Turkish Perspectives on
the Aegean Problem

Although both Greece and Turkey have apparently agreed to discuss the Aegean issue within the next few weeks, both sides are increasing their military posture in the event of a confrontation. The nature of the long-standing problems between the two countries enhances the possibility that a miscalculation or misinterpretation could lead to hostilities.

Turkish Military Preparations

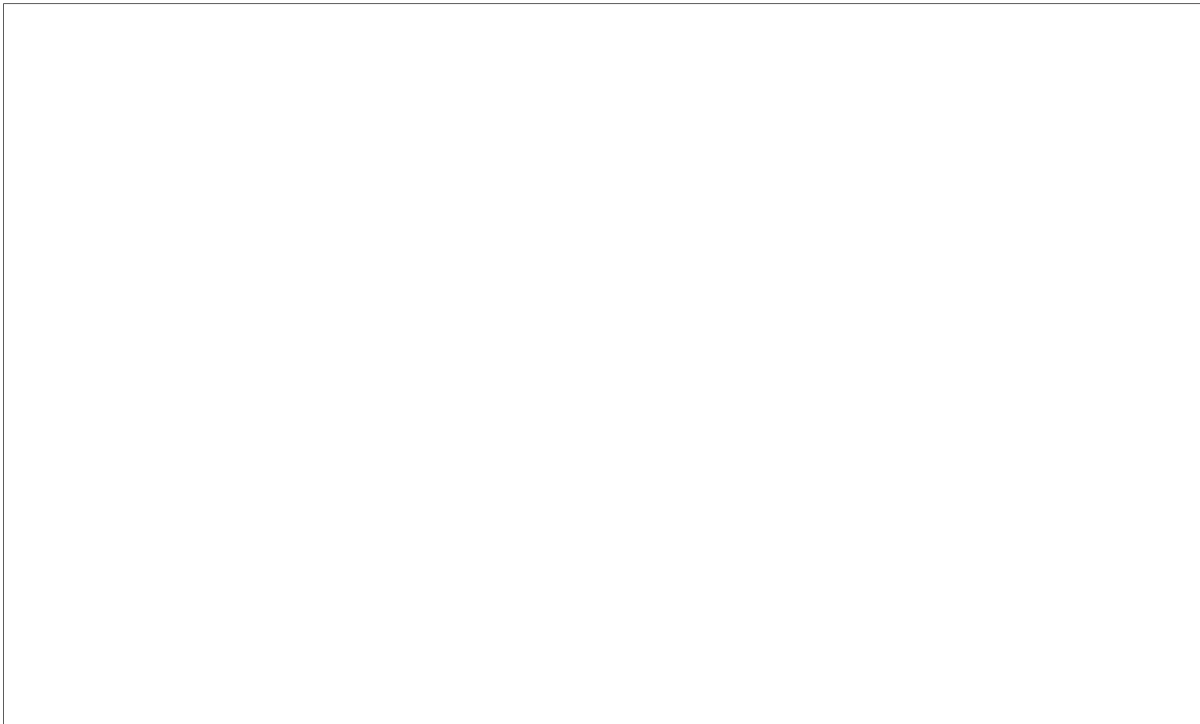
The possibility of a military confrontation between Greece and Turkey has decreased for the moment, but Ankara continues to prepare for this eventuality. From Ankara's viewpoint, Greece currently poses a major threat to Turkish interests in the Aegean. This preoccupation has temporarily diverted traditional Turkish concern for its security away from the Soviet threat and has resulted in several changes in its military posture.

The most significant change is the planned creation of a 4th Army, to be headquartered at Izmir. The new command's mission is to defend the Aegean coast and to develop contingency plans for the occupation of one or more of the easternmost Greek islands in the Aegean. It will serve as a nucleus to which units from other commands can be quickly assigned, and it will have operational control over air, naval, and ground forces in the area.

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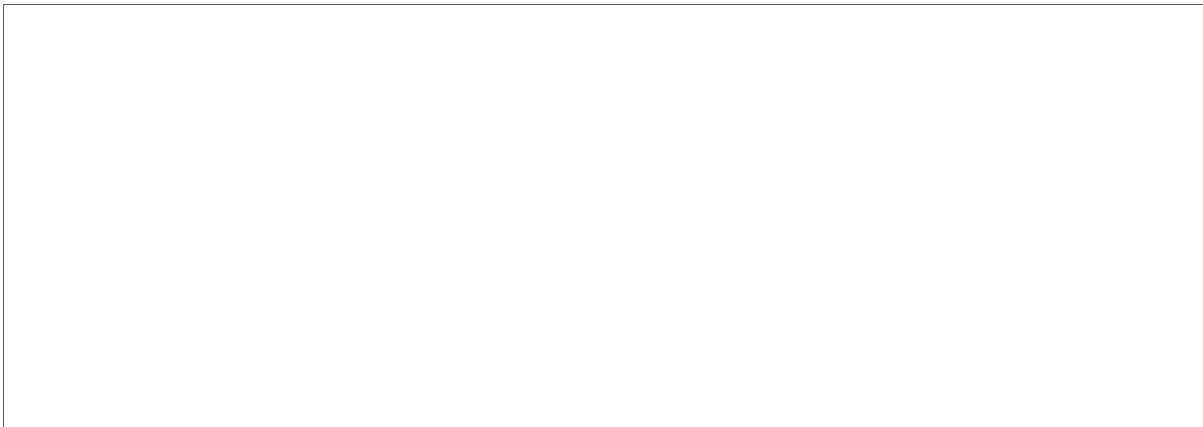
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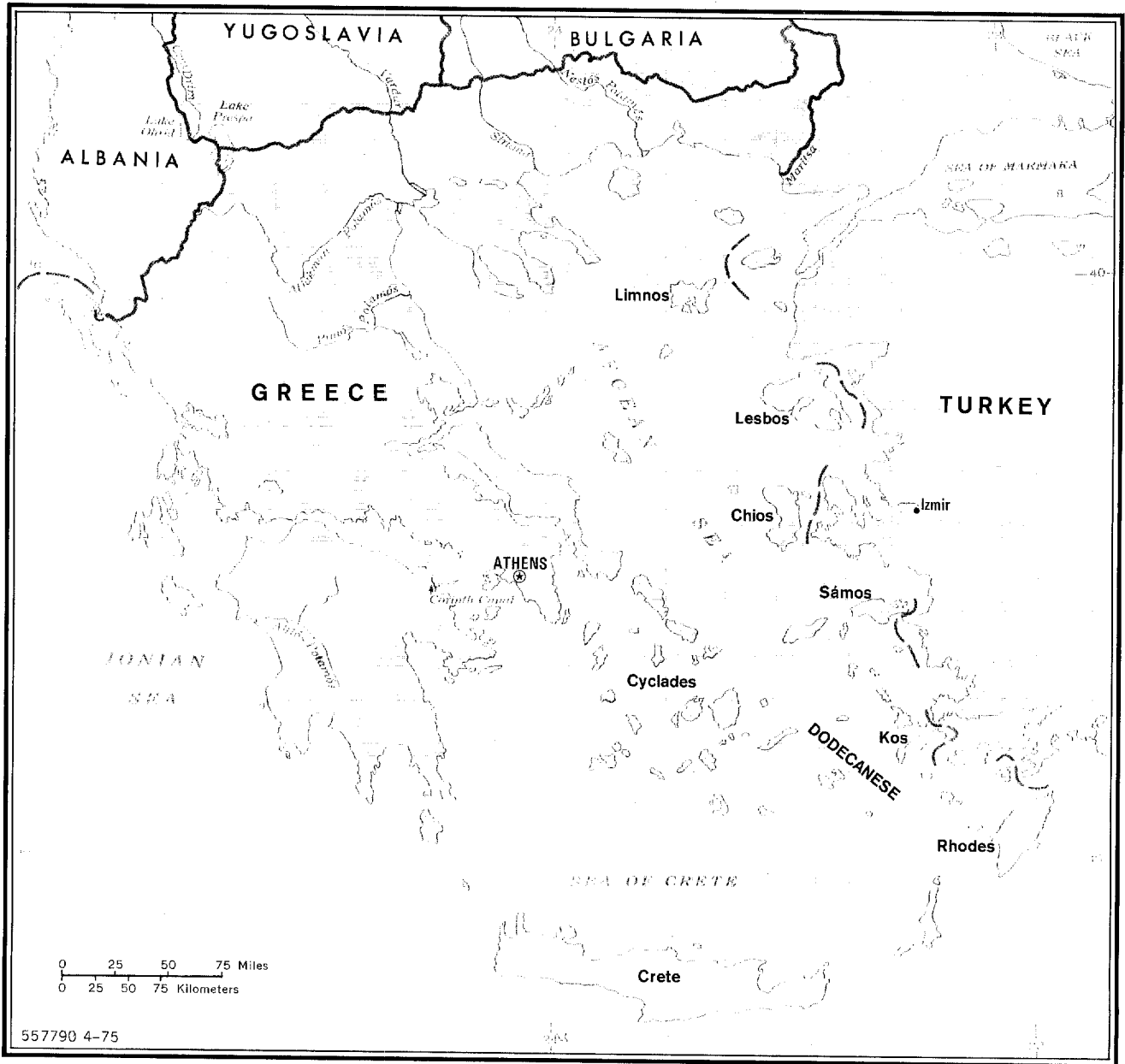


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The Turkish General Staff has approved plans for an Aegean naval force, and an increase in the number of ships in that area can be expected. The US naval attaché in Ankara, who toured the Aegean coast in mid-April, however, has reported no unusual concentration of naval units at any of the Turkish ports. A major concentration of combatants and amphibious craft would be a necessary prelude to any Turkish invasion of the islands.



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Turkish Perception of Greek Threat

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The Turkish General Staff views the Greek buildup on the easternmost Aegean islands as a means of putting Greece in a position of strength from which, the General Staff fears, the Greeks will become more aggressive in their claims to the Aegean. They fear, too, that Athens might be tempted to risk a more adventurous military policy on Cyprus.

Turkish Foreign Minister Caglayangil has stated that Greek fortification of the Aegean islands has created a "delicate and grave situation" and that Greece must restore the demilitarized status of the islands. Ankara believes that Athens has now upset the balance of forces established by the 1923 Lausanne Convention. Turkey is also concerned that Greece may declare a 12-mile territorial seas limit in an attempt to reinforce its claims to the Aegean. Such an effort to make the Aegean a "Greek lake" could, from Ankara's viewpoint, lead to war.


Another major source of Turkish concern is the fact that Greek military procurements have far surpassed those of the Turks since the Cyprus invasion. With the US arms suspension to Turkey still in effect, Ankara is aware of a potential unfavorable shift in the balance of forces between the two countries. This consideration could encourage the Turks to force an early showdown on the Aegean issue.

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Outlook

The potential for a serious incident in the Aegean has grown over the past few months. Both Greece and Turkey are prepared to discuss their differences during the next month, which will help to defuse the tensions, but the problem does not allow for an easy solution. Meanwhile, Ankara will continue to view all Greek military activity in the area with deep suspicion and counter any moves with increased readiness on the mainland. Athens will respond to Turkish military actions, which could result in a continuing escalation of alert posture and force readiness on both sides. A military incident, either by accident or provocation, could be used by Ankara as justification for full-scale military action.

US arms shipments play an important role in Turkish calculations. If they are not resumed and alternate sources of supply cannot be found, Turkey may feel forced to act before its military capability is reduced to the level of the Greek armed forces. A resumption of US military shipments, on the other hand, would not prevent a continuation of preparations for response to Greek provocations. On balance, political factors could exert a strong restraint on the Turkish leadership, which recognizes that a preemptive attack on Greece would jeopardize chances for resumption of US arms shipments, embroil Turkey with its NATO allies, and remove all possibilities for a rapprochement with Greece, long an objective of Turkish governments.

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