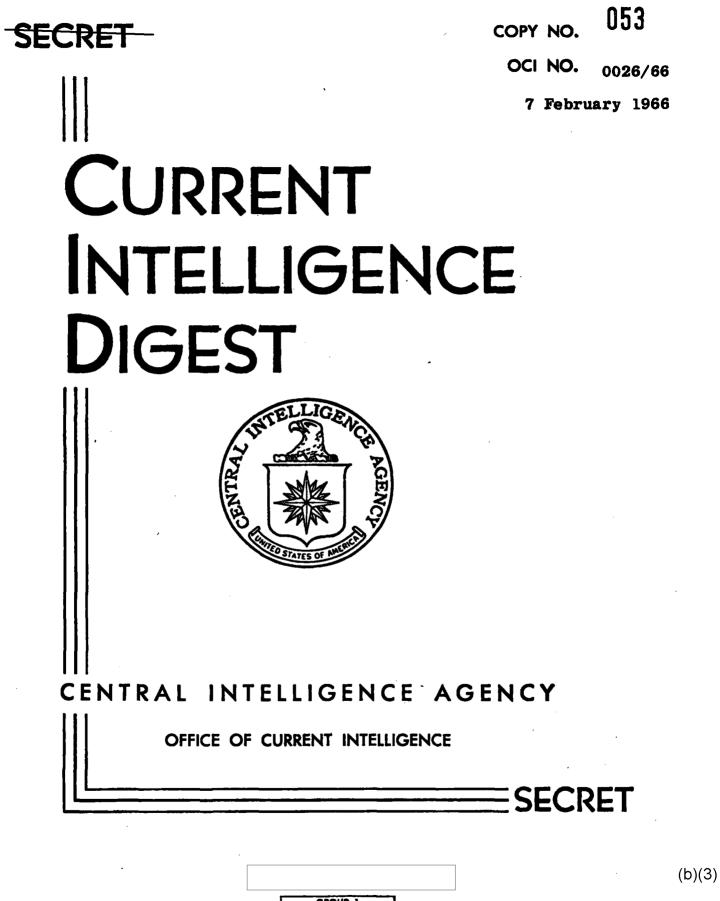
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WESTERN EUROPE

Italy May Be Forced To Call for National Elections if Present Political Stalemate Continues (Page 7)

LATIN AMERICA

Dominican Republic (Page 8) Situation report.

Negotiations between the two countries are likely to result in only a gradual_increase in trade.

Official summaries for 1965 indicate little improvement in Soviet economic performance over that of 1964.

London now hopes to postpone Zambia's break with Rhodesia beyond 15 February.

The high level of rebel raids, ambushes, and reprisals shows no sign: of diminishing.

President Saragat may choose this alternative should new efforts for the reconstitution of the center-left government again fail.

Minister of Defense Rivera and President Garcia Godoy continue negotiations on the present military crisis.



LATIN AMERICA

Uruguayan Communists Oppose Reform (Page 9) Party leaders hope to help defeat proposals which, if enacted, could reduce the political and economic chaos they hope to exploit. 2

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NEAR EAST - AFRICA

5. <u>Rebellion Continues in Portu-</u> guese Guiana

The struggle between Portuguese troops and native insurgents in the small west African province of Portuguese Guinea continues in apparent stalemate, although the high level of hit-and-run rebel raids, ambushes, and reprisals shows no sign of diminishing. There is no indication that Lisbon is ready to relax its authority over the area or that the rebels are willing to negotiate on any but their own terms. As military action, or threats of it, disrupts basic agricultural production, the economic situation continues to deteriorate.

The rebel African Party for the Independence of Guinea and Cape Verde (PAIGC) has an estimated 3,000 to 6,000 men in the field. They are well armed, and enjoy safehaven and logistic support from bases in nearby Senegal and Guinea. The rebels remain in control of the north central Oio district. where almost half of their forces is concentrated. Terrorists are also active in the southern tip of the country and in the northeastern corner near the Senegalese and Guinean borders. Most other areas are virtually free of rebel activity.

In Bissau, the provincial capital, the PAIGC is regarded as a formidable adversary, well organized, well financed, and well led by Guinea-based Amilcar Cabral. The Portugese also believe that it is financed and dominated by the world Communist movement. Viewed from outside, however, the PAIGC appears far less impressive, especially as a political force. Although some aid is received from Communist sources and from the OAU's African Liberation Committee, it is barely enough to maintain the present level of operations. Both Portuguese and non-Portuguese consider the rival rebel group, Senegalbased Front for the Liberation and National Independence of Guinea (FLING), as a relatively lightweight. ineffective group.

Portuguese troop strength appears to be stabilized at about 20,000, including 3,000 native conscripts. Supplies and organization are now adequate to permit increased offensives against rebel strongholds, expanded patrol action. and military protection of farms and transport. Nevertheless, the troops remain unable to seal off the frontiers or to break the rebel grip on the Oio area. Tighter internal security controls have been imposed in the last year, largely because the Portuguese authorities fear that, with their guerrilla activitles somewhat checked, the rebels may switch to sabotage, terrorism, and wanton acts of violence.

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