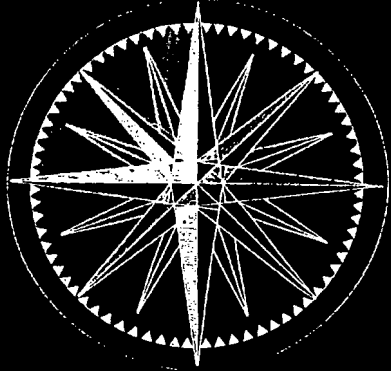


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WEEKLY SUMMARY

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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how ethnic considerations complicate already difficult economic problems. Forced by budgetary considerations to cut subsidies and cause the closing of some uneconomic mines, the government took care to balance the effects in Wallonia (Fench-speaking) and Flanders (Dutch-speaking). It particularly feared repercussions in Wallonia, where economic deterioration and political alienation have become marked in recent years, and took measures to attract new investment there. As a result, protest demonstrations were on a low key in Wallonia but violent riots

erupted in the Flemish coal fields where chauvinists had evidently persuaded the miners of government favoritism for the Walloons.

Foreign Minister Spaak, a Socialist himself, has suggested that the next prime minister will be 68-year-old Achille van Acker, a Socialist prime minister in the 1950s. He would most likely be considered to head a Socialist-Liberal coalition or, possibly, a government of national unity which would include the Catholics as well. However, a government might be formed by the Catholics and the business-oriented Liberals.

Western Hemisphere

URUGUAY CONSIDERS SOVIET TRADE OFFER

The Soviet Union reportedly has offered Uruguay a \$30-million trade deal involving five-year credits at three-percent interest. Uruguay would buy Soviet crude oil, agricultural machinery, and industrial raw materials. In exchange, the Soviets would purchase nontraditional Uruguayan exports such as rice, shoes, woolens, and other manufactures.

This offer differs considerably from past proposals which had concentrated on swaps for Uruguayan meat and wool, commodities readily salable on the world market for dollars. Its presentation at this time is probably politically motivated and primarily intended to offset the unfavorable Uruguayan reaction to Soviet support for the declarations of the Tri-continental Conference. It may also be intended to impede Uruguay's current negotiations for a \$15-million standby agreement with the IMF. Other foreign assistance is tied to the successful conclusion of this agree-

ment, which would require severe government retrenchment, a hard step to take during an election year. Should the IMF negotiations fail, economic deterioration, with its favorable climate for local Communist exploitation, would be likely to continue.

Although the Soviet trade offer is no doubt attractive to the Uruguayan Government, press attacks on the USSR for its role at Havana continue unabated. The daily owned by the dominant faction of the ruling Blanco Party applauded the government's order of 27 January to investigate the activities of bloc embassy personnel in Montevideo and concluded that National Councilor Heler's December proposal for a diplomatic break with the USSR should not be forgotten.

Past bloc offers have generally resulted in little additional trade. More may come of this proposal, however, since it seems advantageous to both parties.

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