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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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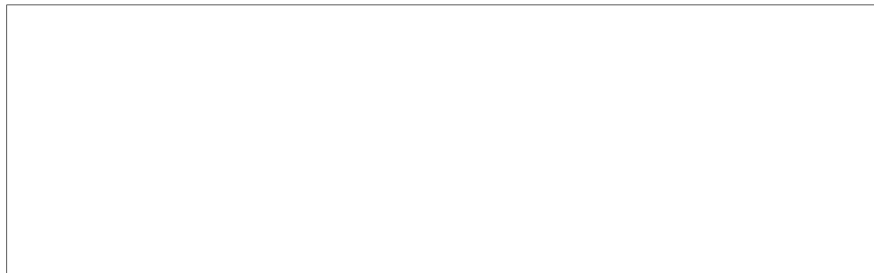
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10 April 1970
No. 0365/70

The **WEEKLY SUMMARY**, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents pages.

W A R N I N G

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WHITHER RHODESIA?

The white minority government in Salisbury remains firmly in power and determined to chart its own political course despite UK efforts, directly and through the UN, to end the "rebellion." Although no government is likely to recognize Rhodesia's independence soon, sanctions are expected to become less and less effective.

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FAR EAST

It will be a long time, if ever, before a conference on Indochina as proposed by the French is convened. Indeed, just achieving agreement on the terms for holding such a meeting among the various antagonists and neutral observers involved seems an almost insurmountable task. Thus far, both Saigon and the Vietnamese Communists are playing it cool. President Thieu has declared that peace must first come to Laos before any settlement can be reached in Vietnam. The Communists have simply avoided making any comment at all, which probably means they need time for thorough consultations between the Viet Cong, Hanoi, and Peking. In short, everyone is playing a waiting game.

The Cambodian Government seems to have the domestic situation under control. Phnom Penh is confident it has the support of the urban populace, the civil administration, and the security forces, and is beginning to take rapid steps to ensure fuller peasant support in order to prevent serious rural uprisings. The government recognizes it needs peasant support to undercut any efforts by Sihanouk and the Vietnamese Communists to undermine its stability. However, if the government moves too precipitately toward establishing a republican form of government, the task of winning broad peasant support could be complicated to a considerable degree.

The North Vietnamese in Laos are continuing to put pressure on government forces flanking the Plaine des Jarres. Both sides are bringing additional reinforcements to bear, and the over-all situation remains critical. The Communists are also moving against a government guerrilla base that has long been a springboard for attacks on Communist supply lines in northern Laos.

The atmosphere in Saigon is beginning to heat up again. Veterans' grievances erupted into violence during protests in front of the presidential palace and National Assembly. The government's efforts to calm the situation are being complicated by a continuing student protest, which has the support of some opposition leaders and Buddhists. There is little indication that President Thieu is in a conciliatory mood, and he reportedly intends to ask the assembly for "special powers" to deal with the multitude of economic problems that are one of the basic causes of the rising level of political discontent.

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VIETNAM

Political Protest Turns
Violent in Saigon

The level of political discontent and agitation in Saigon is again on the rise, with disabled war veterans moving into the lime-light this week. Although the government has tried a combination of firmness and conciliation in dealing with the veterans, who marched on the presidential palace and on the National Assembly building during the last few days, it has been unable to prevent violence. Despite orders to exercise restraint, police were forced to use tear gas on several occasions. The veterans have been protesting alleged government inattention to their needs, and the fighting erupted after they had rejected a broad government offer to provide relief, countering with demands for more concrete action.

The government still hopes that further conciliatory measures will defuse the situation. President Thieu has sent draft legislation to the assembly requesting higher benefits for the veterans, and sites suitable for veterans' housing have been located in Saigon. The government appears quite aware that there probably is considerable sympathy for the veterans within the armed forces and that it must therefore handle them with extreme care. Government officials also probably suspect that agitation by the veterans is receiving behind-the-scenes encouragement from government critics such as Senator Don, although no evidence of this has been uncovered so far.

Government attempts to calm the situation are complicated by the continuing student protest. The students, who are protesting the arrest of several student leaders as alleged Viet Cong agents, have resolved to continue boycotting their classes until the government either releases or tries the accused in a civil court. The students have picked up support from a number of opposition politicians, some elements of the An Quang Buddhists, university students in Hue and Can Tho, and a large segment of the Saigon press. The government's position that some of the arrested students must be tried before a military tribunal rather than in a civil court has probably reinforced the students' determination to continue their protest.

Thieu Cool to Indochina Conference

The government is showing no enthusiasm for the French proposal for international negotiations to consider together the problems of all of Indochina. Instead, Thieu has recommended addressing any such discussions only to the situation in Laos, declaring that peace must come first to the other areas of Indochina before a settlement can be achieved in Vietnam. The South Vietnamese remain wary of the French, and they apparently believe that Paris is trying to assist the Communists at Saigon's expense.

Communists Play it Cool Also

For their part, the Vietnamese Communists seem to be in no rush to move the Indochina situation

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into the international diplomatic arena--if indeed they are disposed to do so at all. They have announced no official position on last week's French proposal, which has been ignored in the North Vietnamese press. Communist spokesmen at the Paris talks have dodged the issue under persistent questioning by newsmen.

The Vietnamese Communists presumably are unwilling to turn the proposal down cold, although they have generally held that no outside interference is needed to work out problems in Indochina. They might even discern some advantages in taking a relatively forthcoming attitude, such as the possibility that an internationally sanctioned settlement would encourage friction between Washington and Saigon or would bring greater pressure on the US to withdraw from the area. On the other hand, the Communists must reckon that any negotiations could inhibit their operations on the ground in Indochina, and they probably would be apprehensive about the prospect of going to the conference table with their Soviet and Chinese backers at odds.

Hanoi has also taken a decidedly negative attitude toward Cambodian requests for intervention by the International Control Commission (ICC) or by the UN. The Communists' public line is that this would help the Lon Nol government retrieve its "isolated and unstable" situation and divert attention from Washington's "plots" in Indochina. More importantly, Hanoi clearly realizes that the presence of an international observer mission in Cambodia or even formal consideration of the situa-

tion by the UN could be politically embarrassing and might eventually redound to its detriment in South Vietnam.

Military Developments in South Vietnam

The latest round of country-wide enemy attacks that began on 31 March continued through 5 April, but has tapered off since. Most of the action consisted of relatively light harassing attacks, although the enemy did inflict severe punishment on several allied centers, including a provincial capital in the southern highlands and a South Vietnamese fire-support base in the delta.

Following the initial wave of some 150 attacks on the night of 31 March, the enemy averaged in the neighborhood of 50 to 60 attacks per day over the next five days. As a result of this intensified action, US combat deaths last week reached 138, the highest figure in six months. The South Vietnamese losses were over 700 killed according to a preliminary count, and enemy combat deaths are believed to have exceeded 3,300.

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the Communists had wanted to make an impressive show of force by overrunning an allied fire-support base or investing some provincial capitals. In addition to boosting the morale of their own troops, their recent local victories along these lines have probably shaken the confidence of some South Vietnamese units near the scene of such reverses. On the other hand,

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a number of South Vietnamese units have responded aggressively in the latest fighting, seeking out and engaging the enemy. For example, South Vietnamese Army and Regional Force troops reported killing 54 of the enemy not far from the location of the recently overrun fire-support base.

It appears unlikely that the Communists are willing to accept the heavy casualties involved in maintaining the recent high level of attacks over a protracted period. If this is so, the enemy's latest offensive probably will not result in any permanent damage to the allied military position or even set the government's pacification program back significantly.

Although the series of country-wide attacks seems to have abated, at least for the time being, the enemy has steadily been building up pressure against the allied Special Forces camp at Dak Seang, a remote outpost in the central highlands province of Kontum. Two North Vietnamese regiments that laid siege to the Ben Het and Bu Prang camps last year have moved across the border from Laos and have closed on the Dak Seang position, which is manned largely by montagnard tribesmen and

by a few US advisers. South Vietnamese Ranger units, which have performed well against previous enemy siege campaigns, have reinforced Dak Seang's defenses and have already fought several sharp engagements. Enjoying strong allied air and artillery support, the rangers claim to have killed several hundred enemy troops in the first days after their arrival there.

With respect to the Cambodian border, it appears that the South Vietnamese have modified their rules of engagement. Despite some earlier indications that both South Vietnamese and Cambodian authorities wanted to prevent the spread of the war across the border, South Vietnamese forces conducted a ground raid in strength into the "Parrot's Beak" area of Cambodia on 5-6 April and a helicopter assault against the same area on 7 April. In view of the sensitivity of such operations, it seems unlikely that these raids, the first of which involved two South Vietnamese battalions supported by armor and air strikes were undertaken without high-level approval from Saigon. At least three other cross-border forays were staged by South Vietnamese forces in March after the Cambodian coup.

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CHOU EN-LAI WARMLY GREETED IN NORTH KOREA

Chou En-lai's three-day state visit to Pyongyang has capped a six-month thaw in Sino-Korean relations. He arrived on 5 April just over a week after Peking's new ambassador was received in Pyongyang. This followed the posting of the North Korean ambassador to Peking in February, thus ending a two-and-one-half year period during which relations were maintained at the chargé level.

Relations reached a low point about three years ago in the early months of China's Cultural Revolution when the ambassadors were recalled amidst searing propaganda exchanges. The thaw first became noticeable last October when Pyongyang sent a delegation headed by President Chae Yong-kon and Foreign Minister Pak Song-chol to China's National Day celebrations.

The speeches given by Chou and Kim Il-song during this week's state visit reflect the decision in both capitals to rebuild the relationship by stressing common interests and ignoring differences. Kim emphasized that the two peoples are historically linked together as "blood and flesh" and that victories were won in the past by relying on the strength of unity. He pledged to revive this unity in the future. Both premiers devoted considerable time in their speeches to

criticism of the expanding role of Japan in Asia, a subject that has received increasing and parallel coverage by both states since the Sato-Nixon communiqué last November.

By common agreement, both officials avoided the sensitive issues of the Sino-Soviet dispute. The timing of the Chou visit and the reciprocal speeches warning of Japanese expansion almost certainly are intended by both Peking and Pyongyang as a rebuff, however, to what they view as growing cooperation between Moscow and Tokyo as exemplified by recent air transit agreements and joint ventures for the study of the Sea of Japan.

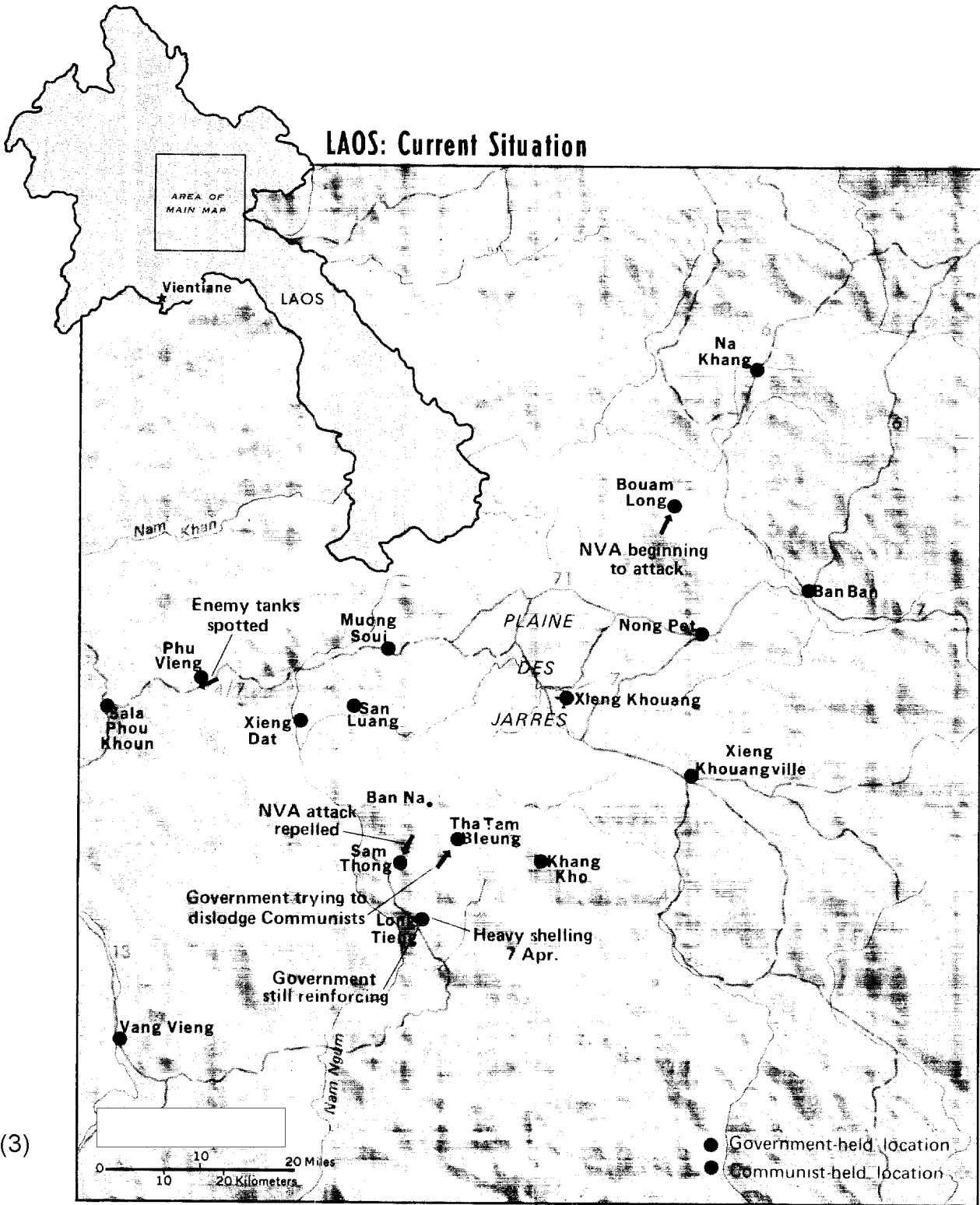
From the Chinese point of view, Chou's visit could indicate a return to the style of personal diplomacy favored by Peking before the Cultural Revolution. China's new diplomatic flexibility, particularly toward its Asian Communist neighbors, appears primarily designed to gain support for its side of the dispute with the USSR.

It is unlikely that the rapprochement with Peking will hamper Pyongyang's delicate relations with Moscow because the thaw is almost certainly predicated upon a belated Chinese acceptance of North Korea's independent line in its dealings with the two major Communist powers.

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MILITARY SITUATION IN LAOS REMAINS CRITICAL

Communist forces are maintaining pressure against government positions flanking the Plaine des Jarres, but there has been no major change in the over-all tactical situation. In the critical Long Tieng - Sam Thong area southwest of the Plaine, North Vietnamese troops renewed their ground attacks against Sam Thong, pushing to within a mile of its airstrip. Government troops backed by heavy air support repelled the assault, however, and are still holding the base and most of the Sam Thong valley.

Vang Pao's guerrilla headquarters at Long Tieng sustained its heaviest shelling in nearly two weeks on 7 April. Casualties and damages were light, however, and there was no sign that the attack might generate an exodus of civilian and military personnel similar to that which occurred when the base came under siege in mid-March. Another regular army battalion has moved into Long Tieng, raising the total government complement in the area to approximately 5,700. Government forces continue to patrol the valleys north of the base, but they are still having trouble dislodging Communist forces from the Tha Tam Bleung area. Vang Pao's guerrillas have succeeded, however, in recapturing the nearby base at Khang Kho, which was lost to the enemy last month.

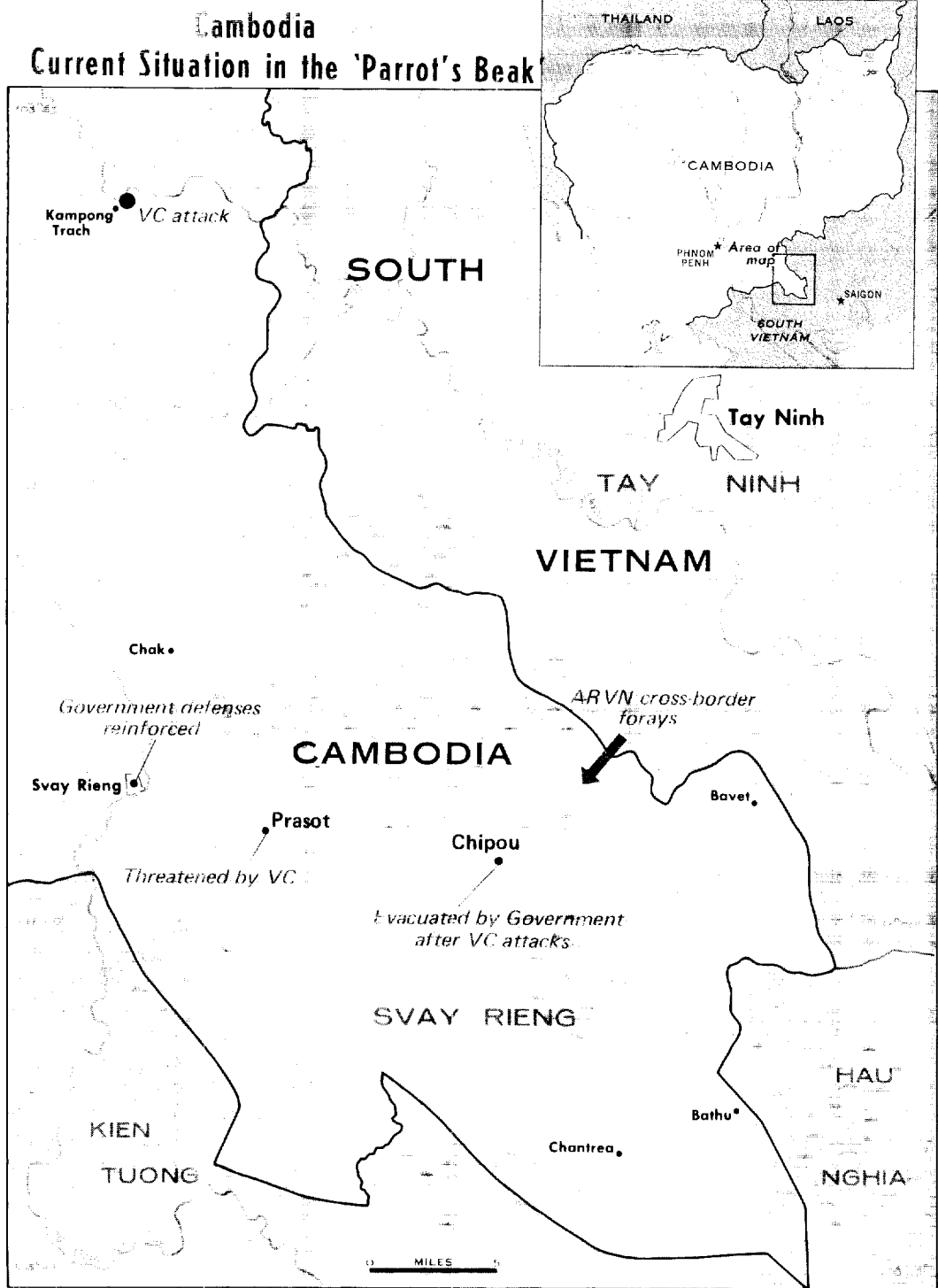
The Communists are also moving against Bouam Long, the most important government base north of the Plaine des Jarres. After weeks of reconnaissance and battlefield preparation, enemy troops this week attacked government positions commanding the approaches to Bouam Long. Five enemy companies, supported by heavy artillery, reportedly participated in the attacks, all of which were successfully beaten back. The action probably marks the start of operations by major elements of the North Vietnamese 312th Division, largely uncommitted thus far in the current offensive, to eliminate Bouam Long as a springboard for guerrilla operations against Communist supply lines in northern Laos.

The North Vietnamese are also demonstrating fresh interest in government positions west of the Plaine. A few enemy tanks have also been spotted moving westward along Route 7 near the government base at Phu Vieng. There is still no evidence of any imminent movement of substantial North Vietnamese forces against these positions, however. Last year, a North Vietnamese battalion threatened the road junction at Sala Phou Khoun, and there has been some speculation that the enemy intends to cut Route 13 there, possibly as a prelude to a drive into northern Vientiane Province. [redacted]

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PHNOM PENH TRYING TO BROADEN ITS POWER BASE

Government leaders appear satisfied that the internal situation generally is under control and that they have the support of the urban populace, the civil administration, and most security elements. They also recognize, however, that they must take rapid steps to win more peasant support in order to prevent the development of serious rural "uprisings."

Using many of its existing supporters, Phnom Penh has launched a widespread face-to-face campaign to carry its message to the conservative peasants. There is a possibility, however, that the government's apparent intention to form a republic in the near future may further alienate pro-Sihanouk peasants. Although some officials probably have serious reservations about abolishing the monarchy now for just this reason, government leaders have gone ahead nonetheless and solicited the "advice" of the country on this issue. Initial urban popular response predictably is in favor of a republic.

While the government is devoting its main energies to solidifying its domestic control, it probably will try to keep the Vietnamese Communists confined to their base areas on the eastern border. The Communists, meanwhile, have engaged in limited but widespread aggressive actions to safeguard and to extend slightly some of their base areas. Viet Cong

elements also have been doing some pro-Sihanouk propagandizing and proselyting along the border. Viet Cong activity was particularly heavy in the "Parrot's Beak" area of Svay Rieng Province. This activity may have been in response to recent South Vietnamese cross-border operations there. According to the South Vietnamese, these operations were being carried out in cooperation with the Cambodians, although the local Cambodian commanders may have been operating without Phnom Penh's approval.

In the longer run, however, the government is still seeking to resume negotiations with the Vietnamese Communists in order to resolve their differences peacefully. Although Prime Minister Lon Nol very likely has prepared a specific negotiating position, there are no signs that the Vietnamese are interested in talking just now. Peking's belated endorsement of Sihanouk's "liberation" movement indicated that the Chinese similarly are determined to keep their distance from the government, at least for the time being.

Meanwhile, in another appeal from Peking, Sihanouk for the first time implied that he would return to Cambodia in the "near future." His message on 4 April again asked the Cambodian people to take to the "bush" and wage an armed fight against the government. (b)(3)

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EUROPE

Moscow's failure to provide Sihanouk with the same kind of political and propaganda support he is getting from Hanoi and Peking is further evidence of Soviet dismay over the recent turn of events in Cambodia. The Soviets have gone along with North Vietnam, however, in rejecting the Lon Nol government's proposals to reactivate the ICC and to submit the Cambodian problem to the UN.

Although the Soviets say they have asked China for agreement on Vladimir Stepakov as ambassador to Peking, there has been no confirmation from Peking of an agreement to exchange ambassadors. Moscow may believe that continuing the border talks at the ambassadorial level would facilitate the return home of chief negotiator Kuznetsov.



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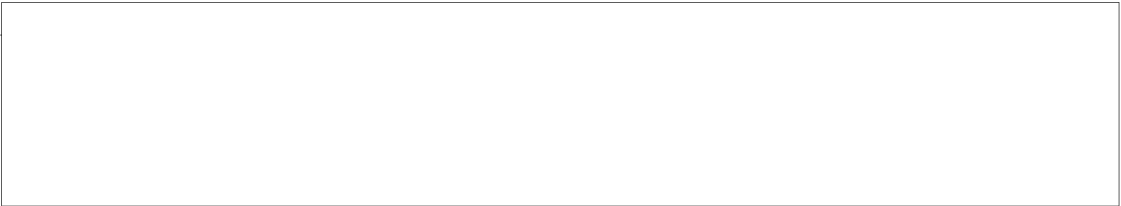
Brezhnev, in Budapest for the 25th anniversary of the Hungarian liberation, gave public endorsement to the Kadar leadership for the first time since the Czechoslovak crisis in 1968. There was a hint, however, that Moscow disagrees with Kadar's earlier statement supporting "legitimate national interests."



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Italian Premier Rumor is expected to receive a vote of confidence soon on his new government and its ambitious legislative program. Only minimal parliamentary action is likely, however, prior to local and regional elections, now set for 7 June.

The UN General Assembly's outer space committee, meeting this week in Geneva, has been unable to resolve differences over how to complete the draft convention concerning compensation for damage caused by space vehicles. A number of compromises to overcome Soviet objections to binding arbitration are being considered by the committee, which is under pressure from the less-developed countries to produce an agreed convention before the fall session of the assembly.



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USSR MANEUVERS FOR POSITION IN NEXT ROUND OF SALT

Private statements by Soviet diplomats since the windup of the Helsinki SALT talks suggest that Moscow is looking toward a quantitative agreement that would limit the numbers of offensive and defensive missiles, rather than a qualitative agreement restraining improvements such as MIRVs.

These statements, as well as press commentary, point toward the ABM system as the key issue for Moscow when the talks resume in Vienna. At the same time, however, the Soviets apparently intend to return to subjects that would create difficulty for the US, such as banning the transfer of strategic weapons to third countries and limiting patrols of strategic bombers and submarines. The extent to which Moscow will press for agreement on these issues is not known. The Soviets have not elaborated on the suggestions they made at Helsinki, such as controls against accidental or unauthorized launches of strategic weapons.

The Soviets have been least ambiguous on the subject of ABM limitations. Recently, the Soviet press has been trying to create the impression that an agreement on ABM deployment may be the key to getting any agreement at all. An article in Pravda on 7 March--signed "Observer" to mark its high-level endorsement--summarized Soviet commentary against ABM plans of the US. This is one more indication that such plans may be

causing Moscow the most difficulty at this time, but "Observer" stopped short of indicating what Moscow would do about them.

The Pravda article, pitched to disarmament audiences in the US and elsewhere, was probably intended to put the onus on the US should the talks fail or bog down. The piece was careful, however, to handle the matter in such a way as not to diminish the possibility of further negotiation or of an improvement in Moscow's bilateral relations with the US. Moreover, Moscow is still willing to permit its commentators to warn of the potentially harmful effects of US weapons programs on SALT without directly committing Soviet policy to these warnings or setting conditions for the Vienna round.

Soviet remarks thus far merely reiterate Moscow's support for continuing the talks. Private statements of Soviet diplomats apparently are being used to prompt US initiatives when talks resume on 16 April rather than to reveal features of the Soviet position. The public commentary is calculated to put pressure on the US to slow its weapons deployment. The Soviets probably want to make their own contribution to the SALT discussions--particularly in the areas of ABM, nontransfer of strategic weapons, and strategic equality--but nothing they have said publicly or privately has revealed how they will treat these

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issues in Vienna. In discussing the three types of possible agreement suggested by President Nixon in his "State of the World" address on 18 February, however,

several Soviet diplomats have made it clear that the suggestion concerning the quantitative agreement is the most interesting to Moscow.

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SOVIET OIL SALES TO THE FREE WORLD FALTER

The USSR's aggressive oil sales effort in the free world has faltered. The USSR and Eastern Europe are increasing their procurement of oil from the free world to meet a growing demand for petroleum that apparently is outpacing Communist production.

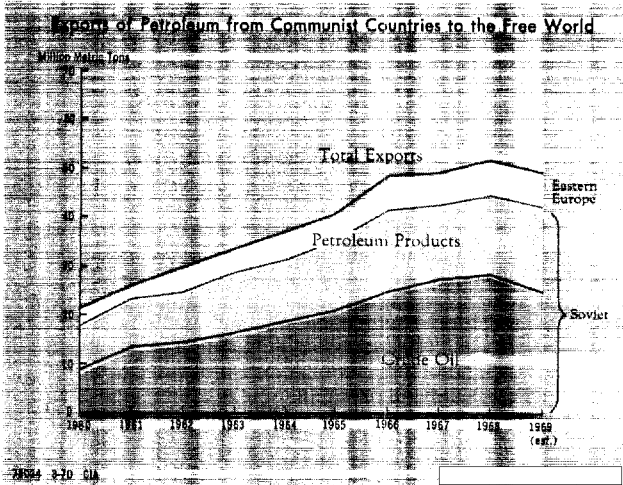
Soviet oil sales, which account for most Communist petroleum exports to the free world, declined by almost three million tons last year. This is the first drop since major sales to the free world began in the late 1950s. The decline probably would have been greater if the USSR had not met some export commitments with about 1.5 million tons of crude acquired from Egypt and Algeria. The Soviets, however, are meeting most of their East European allies' increasing needs for petroleum, but, even here, Moscow has urged that supplies be supplemented from the free world.

Soviet sales of oil continue to earn more hard currency than any other single export commodity. Last year Soviet deliveries to the

free world amounted to 42 million tons, worth \$575 million. Sales for hard currency, principally to Western Europe, amounted to \$340 million, an estimated decline of \$30 million from 1968. These exports represented about seven percent of Western Europe's demand. The principal recipients were Italy, Finland, West Germany, and Sweden.

Soviet exports to the less developed countries increased slightly last year after several years of decline. Most of the increase occurred in deliveries to Egypt. On a net basis, however, Soviet exports to Egypt were down as the USSR acquired more than one million tons of Egyptian crude from the El Morgan field in the Gulf of Suez. This exchange, which is scheduled to increase this year, probably will continue as long as the Suez Canal remains closed and Egypt's oil economy suffers from domestic imbalances and dislocations. The USSR also supplied almost all of Somalia's small petroleum requirements and provided over one third

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in the area, declined 15 percent to about 2.4 million tons. An even greater decline was stemmed by some one million tons of Persian Gulf oil made available through East-West oil exchanges. Sales to India continued to decline, and Ceylon suspended Soviet oil shipments completely.

Petroleum exports from the USSR and Eastern Europe to the free world in 1970 probably will not exceed the 50 million tons exported last year. Moreover, procurement of oil from the free world by these countries may reach between seven million and eight million tons this year, compared with about four million tons in 1969. Some of this oil probably again will be used to meet the Communists' commitments to their foreign customers.

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of the petroleum demand in Ghana, Morocco, and Senegal.

Soviet oil exports to markets east of Suez, complicated by the canal closure, declined for the third straight year. Exports to Japan, the largest Soviet market

ANGLO-MALTESE RELATIONS DETERIORATE

The economic and political situation in Malta has deteriorated during the last six months, largely because of an impasse between the government and the British over financial aid. With a general election due within the next year, the pro-Western government of Borg-Olivier is looking for some

politically advantageous way of resolving the stalemate in order to turn back the challenge of the opposition Malta Labor Party (MLP) led by self-styled neutralist Dom Mintoff. The consequences of an MLP victory could be serious for NATO interests in the Mediterranean country.

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Since the island won independence in 1964, UK-Maltese relations have periodically been strained over UK aid. The British promised at that time to lessen the economic impact of the withdrawal of their troops by closing their installations gradually and by providing financial aid until 1974 to encourage expansion of the Maltese economy. For the first few years it was agreed that 75 percent of the aid would be in the form of outright grants rather than loans. In 1969, however, London decided that its own economic problems dictated that funds be distributed on a 50-50 basis. Prime Minister Borg-Olivier refused to accept the decision, and negotiations have been deadlocked since last summer.

The economic consequences of this stalemate have become increasingly apparent. Uncertainty has hampered all government planning, capital investment and public works projects have been delayed, and short-term inflationary borrowing has replaced British funds. Other economic problems, not directly related to the impasse, have also complicated the picture. Unless the stalemate is resolved, the Maltese Government will have to find new sources of money or curtail its capital development program. It has hinted on several occasions that if the British refuse to give Malta its

due there are others--perhaps even outside NATO--who will.

The stalemate has also increased anti-British sentiment among the electorate and uncertainty about the government's competence. Borg-Olivier's failure to resolve the dispute has made him progressively more moody and difficult. He often alludes to real or imagined slights by the British.

London, meanwhile, is flatly refusing to alter its position. It believes that although Borg-Olivier knows that more liberal financial aid terms are not justified, he will not accept the 50-50 proposal because he fears it would put a political weapon in the opposition's hands. In any case, the British attribute Malta's problem to inefficiency, claiming that it misses many opportunities afforded by a growth in tourism and refuses to follow suggestions on economic development made by the UK. London concedes that the economy has faltered somewhat recently, perhaps as a result of the dispute, but it does not believe the political consequences will be far-reaching. Even if the MLP wins the next election, the British expect Mintoff to maintain Anglo-Maltese relations, including the defense arrangements, "because he has to," but believe that he might well sever Malta's ties with NATO. [redacted]

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PANKOW INTENSIFIES PROPAGANDA AGAINST BONN

The East German regime, in an effort to combat what it considers are popular misconceptions concerning the East - West German summit meetings, has stepped up propaganda attacks against the government in Bonn and against Chancellor Brandt personally.

In recent issues of the main party daily, Neues Deutschland, the East Germans have stressed the theme that nothing has changed in West Germany since Brandt became chancellor. They have scored him and other officials for keeping "monopolists and imperialists" in power. Significantly, these attacks no longer include, as earlier commentaries did, the statement that it is too early to tell whether the Brandt government will act differently from its predecessors. Pankow singled out for particular criticism Bonn's advancement of the concept that East - West German relations must be of a "special type." Propagandists have continued to insist that Bonn must recognize East Germany, and several regime officials have stressed that at the next summit meeting, Brandt must discuss the East German draft treaty.

East Germany has also intensified attacks against certain West German laws that its spokesmen claim discriminate against

East German citizens. In particular, they have zeroed in on the so-called "handcuff law," passed by the West German Bundestag in 1966, which guaranteed safe passage for East German party representatives who were to participate in a proposed "speakers' exchange" with members of the Social Democratic Party. The East Germans used this law as a pretense for aborting the exchange.

Pankow has reacted to West German newspaper reports concerning the arrest of East Germans after the Erfurt meeting, by denying that any arrests have been made despite the fact that at least 140 people were jailed. The minister of interior also charged that the West German intelligence service has spread such stories to "burden and disturb" the next session of the summit talks, scheduled for 21 May in Kassel.

This campaign is almost certainly aimed at the East German public, and is designed to convince the populace that it is the West German side that prevents progress in improving East - West German relations. At the same time, the regime appears to be building a case for breaking off the talks, should it decide that such action is necessary.

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IAEA FACES SAFEGUARDS ISSUES

The 26-nation Board of Governors of the International Atomic Energy Agency (IAEA) agreed last week to create a special committee to consider the position the agency should take during the forthcoming negotiations with the nonnuclear-weapon states on the safeguards required by the Nonproliferation Treaty (NPT). The negotiations, certain to be tough and prolonged, will be an important test of the ability of the international community to set up effective procedures for verifying compliance with major disarmament commitments.

A committee on safeguards mechanisms to prevent the diversion of fissionable material from peaceful uses was proposed to the board in February, but the Soviets blocked agreement on the initiative at that time. Their consent to the committee's establishment was achieved last week at the cost of leaving vague its precise terms of reference. The USSR is expected to press for strict adherence to the IAEA's so-called draft model agreement with Finland that gives the IAEA a comprehensive inspection role in policing compliance with the safeguards requirements. The six members of the European Atomic Energy Community (EURATOM), on the other hand, do not want the committee to recommend procedures that might infringe on EURATOM's own safeguards system.

Another group of IAEA members, led by Spain and India, wants the new committee to undertake a complete review of inspection procedures and requirements. They are motivated principally

by concern that the NPT safeguards discriminate against the nonnuclear-weapon countries by exposing their industrial applications of atomic energy to international inspection not required of countries already possessing nuclear weapons. Spain and India would also like to have the committee discuss the problem of how to finance the anticipated increase in required inspections.

The board last week did not attempt to deal with the question of its own future membership--an issue that has become increasingly contentious in view of the significant new role to be played by the IAEA. Italy wants to expand the board to 33 participants, with itself and West Germany--both EURATOM members--holding permanent seats. Moscow also favors an increase of the present membership by seven, but its plan would not give either Rome or Bonn a permanent seat. The board may tackle the expansion issue at its June session.

The recent East German request for IAEA safeguards on slightly enriched uranium received from the Soviet Union poses another thorny problem. Bonn, hoping to emphasize the Soviet-IAEA aspect of any agreement, wants the agency to negotiate with Pankow in Moscow. Moscow is unlikely to accept this, however, because it probably favors an attempt by Pankow to enhance its international status by sending a high-level delegation to Vienna for bilateral negotiations with the IAEA. (b)(3)

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MIDDLE EAST - AFRICA

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The Israelis are reinforcing their suggestion with almost daily attacks against installations along the canal while leaving the immediate environs of Cairo and Alexandria strictly alone.

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Egyptian charges that an Israeli aerial attack on 8 April killed 30 schoolchildren brought an immediate denial from the Israelis.

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Elsewhere along the Israeli frontiers, military activity was at a low level,

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Israel might be ready to permit the resumption of repairs to Jordan's East Ghor Canal.

Tentative agreement has been reached for a cease-fire and an interim solution to the eight-year-old Yemeni civil war. Meeting under Saudi auspices, Yemeni republican representatives agreed to end the fighting and to take other measures designed to reconcile the two Yemeni factions. The agreement has yet to be approved by the Yemeni leadership, however, and the problem of defining the eventual status of the Yemeni royalist family must still be solved.

Prime Minister Gandhi defeated an adjournment motion in Parliament implying censure of her government for the rough treatment of demonstrators by police this week in New Delhi. This was her closest call since the Congress Party split last November, and her prestige has suffered at least a short-term setback.

Pakistani President Yahya Khan's constitutional proposals are being sharply criticized in East Pakistan. The Awami League of influential Bengali politician Mujibur Rahman is deeply dissatisfied with the provisions giving the President extensive powers over the constituent assembly. A key question now is whether the mutual confidence built up between Mujib and Yahya will erode and jeopardize the political stability of the country.

Dahomey's inept and divided army officers this week continued their search for a solution to the country's deepening political crisis. The threat of another military coup or serious street violence is increasing as each of the three civilian kingpins still insists on his own version of a settlement to the current impasse.

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ARAB FEDAYEEN LEADER VISITS PEKING

Yasir Arafat's recent two-week trip to Communist China and North Vietnam may be the prelude to closer Sino-fedayeen ties. Peking, apparently seeking to widen its influence among the Arabs and simultaneously to undercut the Soviets, underscored its interest in the fedayeen movement by according Arafat an official reception during his visit in late March. Premier Chou En-lai led the list of high civilian and military leaders who hosted banquets in his honor. This was in sharp contrast with Arafat's February visit to Moscow where, although he probably met members of the Soviet hierarchy, his visit received no official publicity, and his host was a nongovernmental group.

The relative nonproductivity of Arafat's Moscow visit may have provided the impetus for his Asian trip, which apparently was decided on short notice. It is doubtful, however, that Arafat was any more successful in wheeling significant amounts of heavy arms from Peking than he was from Moscow.

Aside from a possible increase in the training of fedayeen, any gains Arafat may have made in Peking will be largely political. China has long been vocal in its support of the Palestinian cause, which it views as a national liberation movement, and has already increased its profedayeen propaganda. Although this might be of little immediate practical value to his cause, Arafat could use closer ties with Peking as a means to play off one Communist power against the other. The coming months may therefore see him attempting to emphasize ties with Peking.

Meanwhile, there has been a relative lull in threats of international activity by the more radical commando groups since the two airliner explosions they claimed credit for in late February. Nevertheless, these groups need publicity to bolster their fund raising, and the wide press coverage given to the kidnaping of diplomats in Latin America could lead organizations such as the Popular Front for the Liberation of Palestine to buoy their sagging fortunes by further spectacular acts, including the kidnaping of prominent figures.

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SUDAN SUPPRESSES ANSAR UPRISING

The Sudanese Government's quelling of the Ansar sect's rebellion last week has dissipated the immediate threat to internal security. At the same time, alienation of the Ansar is now total and will probably stimulate armed resistance when the sect regroup its forces.

Although the Numayri regime has apparently won the first round, the reaction to the fall of Aba by the some three million Ansar may confront the government with continued armed resistance. Furthermore, the killing of the Imam, the spiritual leader of the sect, has shattered the prospect for an Ansar-government reconciliation for a long time to come.

The Ansar, currently leaderless and in disarray, will probably turn to underground activity for the time being. The immediate problem confronting them is the selection of a successor to the Imam. Most of the members of the Imam's immediate family, the likely candidates, are either under detention or

out of the country. The exile to Egypt earlier this week of Sadiq al Mahdi, the Imam's nephew and a former prime minister who has been in confinement since the coup of May 1969, underscores the lengths to which the regime has gone to deny the Ansar a leader around whom they might rally. Nevertheless, it seems likely that the Ansar will eventually regroup and find a new leader.

The crushing of the Ansar uprising demonstrated the capability of the regime, armed with the weapons of modern warfare, to deal with dissident tribal elements and will deter other groups--including other Muslim sects, students, the professional classes and some armed forces officers--currently disaffected by the government's radical leftist leadership and policies. The uprising, however, dramatized the ruling Revolutionary Council's failure to come to terms with an important traditionalist group whose alienation has prevented a national consensus in support of the government.

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DISSENSION GROWS WITHIN MALI'S RULING COUNCIL

Disagreement over relations with France is threatening the unity of Mali's ruling Military Committee of National Liberation (MCNL). The key issue is acceptance of the conditions France has tied to its aid.

French aid to Mali's stagnant economy is contingent upon Bamako's reforming its socialist economy along lines specified in a series of Franco-Malian accords signed in 1967. Reforms include reorienting Mali's trade toward France, balancing the budget, initiating an austerity program, and reforming unproductive state enterprises. The eventual goal is Mali's full reintegration into the franc zone.

The reforms were originally accepted out of financial necessity, by the radical regime of former President Modibo Keita. The army leaders who ousted him in November 1968 immediately reaffirmed Mali's adherence to the accords, but in practice the MCNL has been slow to implement the changes.

France, although basically well disposed to Mali's government, has grown increasingly impatient with this situation. In January, Paris bluntly stated its

displeasure, reportedly arousing bitterness on both sides.

The next regular meeting between French and Malian officials on the accords is coming up soon, probably this month, and the MCNL has been meeting feverishly in an effort to draft an economic program. A minority of committee members is pressing hard for closer collaboration with France, but most are reluctant to accede fully to French demands. There is strong domestic opposition to such a course, focused particularly on the fate of the state enterprises. Although many are in fact uneconomic, left-leaning labor unions and powerful groups within the overstuffed civil service are either ideologically committed to the state system or fear reforms would cost them their jobs. Additionally, some MCNL members regard the conditions placed on French aid as a threat to Mali's policy of nonalignment and, ultimately, to Malian independence.

Despite these problems, Mali's leaders have few realistic choices other than compliance with French demands. Mali is a poor country, even by African standards, and (b)(3) France is the only government able and willing to provide aid in the required amounts.

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WESTERN HEMISPHERE

Violence dominated the news in Latin America this week, with most countries expressing shock over the murder of the West German ambassador to Guatemala. In Nicaragua two pro-Castro guerrillas and one National Guard officer were killed as the government continued its counterinsurgency effort. The government has managed to keep the guerrillas off balance, but they are still capable of staging occasional terrorist incidents.

In Chile, Salvador Allende, the presidential candidate of the Communist Socialist front, said that he was dismayed by the violence that had taken place at campaign rallies of the conservative, Jorge Alessandri. Allende feared that Alessandri might be harmed personally, and that continued violence might cause some of his own more moderate supporters to withdraw their backing.

In three countries actions and statements by government leaders have had a harmful impact on foreign investment. Peruvian President Velasco told a meeting of Latin American industrialists that the state must play a greater role in bringing about reform and curbing foreign economic influence. He suggested setting a fixed term for reversion of foreign corporate investment to the state after the investment and an "acceptable amount" of profit has been recovered. Prime Minister Burnham of Guyana attacked foreign aid, including US assistance, and strongly criticized private investment and foreign banks. He demanded 51 percent equity in future foreign investment projects in forests and minerals. The Panamanian Government is intensifying its efforts to gain popular support, even at the expense of further alienating the business community. The government has taken over workmen's compensation insurance and is considering establishing a government monopoly over the importation of medicine and foodstuffs.

The Caribbean Commonwealth Heads of Government Conference is scheduled for the week of 13 April in Jamaica. Regional integration will be one of the main subjects on the formal agenda, but principal topics of interest in backroom discussions will revolve around proposals of Trinidad's Prime Minister Williams for integrating Cuba into the hemisphere and the future of black power in the Caribbean. Guyana will probably cast about for support in its border dispute with Venezuela. Several of the Caribbean leaders have recently been making determined efforts to increase their personal prestige, and this may hamper cooperation.

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DOMINICAN POLITICAL STANDOFF CONTINUES

The public impasse between President Balaguer and the opposition parties threatening to boycott the 16 May elections has provoked further political violence and labor unrest. The President's tough response to disturbances, however, seems likely to dampen the opposition's enthusiasm for a showdown at this time.

Last weekend, the President responded to the increased agitation, which has included shooting incidents and widespread disorders, by closing schools in the urban areas until June. The government also reportedly took control of hospitals where services had been disrupted by a doctor's strike. As rumors of a pending general strike mounted, the military on 7 April backed Balaguer's hard stand by closing off the national university with armored vehicles and raiding and occupying the headquarters of some of the principal leftist labor organizations. In a joint armed forces communiqué, the military commanders warned they would crush violence from any quarter. Several professional organizations nonetheless declared a 24-hour strike at midweek to demand an end to repression, and the extreme left reportedly was still attempting to organize widespread work stoppages.

In typical fashion, Balaguer tempered his pressure tactics by establishing a civilian commission to investigate charges of interference in the electoral process. Leading church figures called for a dialogue, and Balaguer has indicated that he is willing to talk with opposi-

tion leaders. They continue to demand that he resign for the remainder of his term or they will abstain from the elections. Late in the week, Foreign Minister Fernando Amiami Tio and his brother were acting as intermediaries in an effort to provide a face-saving way to move toward a compromise.

There are several indications that at least some of the members of the opposition bloc are not yet ready to abandon the electoral route. Initial reporting on the negotiations suggests that although the parties are still pressing demands that Balaguer will find unacceptable, such as the exiling of top-ranking military figures, their requirements are highly negotiable. Balaguer is probably counting on weaning at least one or two of the more moderate members away from the seemingly tenuous seven-party front. He will probably sweeten any public compromise with an under-the-table offer of campaign funds.

The note of cautious optimism occasioned by the beginning of the negotiations has been somewhat offset by the surprise announcement that former President Juan Bosch will return to the country next week. Bosch, the leader of the major opposition Dominican Revolutionary Party (PRD), was overthrown by the military in 1963. He has reneged on plans to end his self-imposed exile in the past, but the formal announcement by his party suggests his return is more likely this time. President Balaguer has often stated that he would

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welcome Bosch's return, but in the present situation it will generate further uneasiness and harden the already prevalent military distrust of the PRD.

Under the present conditions, major disturbances could force all the disputants to harden their positions and place the elections themselves in jeopardy. [redacted]

GUATEMALA TENSE FOLLOWING DIPLOMAT'S DEATH

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Guatemalan security forces operating under a newly imposed state of siege continue to comb the capital in search of the terrorists who killed the West German ambassador on Sunday. There is fear in the city--and among the diplomatic corps particularly--that the terrorists will attempt further kidnappings and assassinations.

the President's ultimate refusal to acquiesce more than likely resulted from strong military pressure. Police and military officers have been principal targets of the terrorists, and a number of security personnel were killed in the capture of the guerrillas now under arrest. The military has been embarrassed by the continuing terrorism and by the absence of major breakthroughs in the Communist net, and has also been impatient with Mendez' reluctance to launch a significant antiterrorist effort.

Rumors of more abductions and of an impending coup are rife. President-elect Carlos Arana's right-wing National Liberation Movement is again preoccupied with the fear that leftist colonels will seize the government before 1 July, when Arana is to take office. [redacted]

President Mendez' ability to complete his final three months will probably depend on his giving a free hand, including the use of harsh methods, to the armed forces in their counterterrorist attack. With tight security in effect, the Communist groups may slow their activities to targets of opportunity. [redacted]

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The known hostility between Arana and the commanders of the two major troop concentrations in the capital is the basis for the rightists' concern. The majority of the ranking military officers, however, are believed to support him.

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The Communists' demands for the release of 22 prisoners in exchange for the German ambassador's life placed the Mendez government under serious strain, and

[redacted] the level of violence is likely to remain high. The mutilated corpse of a leftist politician was found on Wednesday after an anonymous caller described it as "the first installment" of retaliation for the German ambassador's death. [redacted]

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COLOMBIAN ELECTION WILL BE CLOSE

With barely one week left before the general elections on 19 April, it still looks as though the presidential race between official National Front candidate Misael Pastrana and ex-dictator General Gustavo Rojas Pinilla will be close. The other two candidates, Evaristo Sourdis and Belisario Betancur, are far behind.

[redacted] Pastrana's supporters are now more optimistic that he may win a slim plurality in the voting, but the margin is so small that the outcome is still uncertain. [redacted]

General Rojas is expected to do well in Bogota and possibly in other large urban areas. During a rally held in the capital's central square on 4 April,

40,000-50,000 spectators gave Rojas an enthusiastic reception.

The political factions represented by the presidential candidates now are giving final approval to the election slates for Congress (108 national senators and 204 representatives will be elected), departmental assemblies, and municipal councils. There is likely to be a proliferation of electoral lists as a result of intragroup divisions, which will, at a minimum, result in voter confusion.

In the meantime, the military and police are preparing for possible disturbances after the elections. The greatest threat to public order will come if Rojas loses by a small margin because he probably would then declare fraud and could call his followers into the streets. The US Embassy in Bogota believes that the security forces would be able to restore public order in such an eventuality. [redacted]

[redacted] The military's publicly stated position, however, is that they will accept the popular will. [redacted]

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KIDNAPINGS CONTINUE TO CAUSE CONCERN IN LATIN AMERICA

The murder of the West German ambassador to Guatemala by the pro-Castro Revolutionary Armed Forces (FAR) has increased concern in Latin America about kidnappings by terrorist groups. Chilean President Frei linked the killing to the spread of violence generally and pointed out that the mass media encourage such action by making "terrorists sound like heroes." A Peruvian newspaper called the incident "a crime that shames the Americas." Moscow termed the murder a "tragedy," but went on to say the rightist forces intended to use it as a pretext to "crush any opposition."

There have been exceptions, however, to this general condemnation. Cuba has described the killing as a "revolutionary execution." When the Venezuelan Chamber of Deputies passed a resolution deploring the murder, the Communist Party secretary general suggested that the Guatemalan Government be equally censured and attributed the ambassador's death to the existence of governments like those in Guatemala, Argentina, and Brazil, "which trample on human rights." A Chilean Communist has insinuated that the German was killed by rightists as part of a sinister "grand design" to provoke anti-Communist terror in Latin America. The extreme left in Mexico calls the murder the result of an "oppressive system."

A number of diplomats in Latin America as well as political

leaders believe that one method of dealing with such kidnapers would be to threaten to execute the prisoners whose exchange is demanded. Military men in some countries are known to be upset about releasing prisoners who have been captured at great risk. Some may come to believe the solution is to kill extremists rather than capture them, as the government would then have no one to exchange. Should such measures be widely adopted, hostility between extremists and security services would become even greater.

This problem is especially likely to arise in Brazil, where an attempt was made on 4 April to kidnap the US consul in Porto Alegre. Some suspects have been arrested and have revealed information about the perpetrators. Fearing a repetition of previous cases, the security services may decide to murder the implicated extremists.

In Argentina, which is the only Latin American country to defy kidnapers successfully, a Foreign Ministry official likened the present situation to a war where everyone has to take his chance, even though a few more foreign representatives may initially lose their lives. The Argentine Government plans to seek OAS action to help curb the present wave of "diplonapings." The government will sound out other countries on the possibility of denying political asylum to persons involved in terrorism. Argentina has had such a law on

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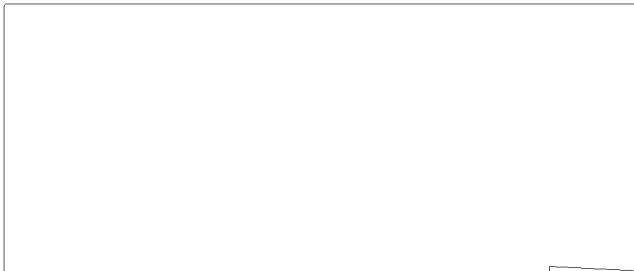
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the books since 1963, but the government fears that some countries will oppose watering down Latin America's traditional recognition of asylum. Uruguay has publicly supported the move, however.

Mexico, where all released prisoners have gone initially, claims that its embassy in Guatemala has been threatened by right-wing extremists if it continues to accept the ransomed terrorists. The government plans to maintain its policy on granting asylum, however.

A number of countries, including Venezuela, Bolivia, Chile, and Ecuador have taken extra measures to protect foreign diplomats. In some cases these new responsibilities may stretch security forces beyond their capabilities. The Brazilian Foreign Ministry, however, has criticized the US consul in Porto Alegre, alleging that he had dispensed with his extra police protection shortly before the attempt to kidnap him was made.

Kidnaping is likely to continue--the Guatemalan ambassador in Washington has even been threatened.



A recent publication of the Afro-Asian - Latin American Solidarity Organization reprinted a manual on urban terrorism by Carlos Mari-ghella, the Brazilian leftist leader whose organization engineered the kidnaping of Ambassador Elbrick in Brazil and who later was killed by police. Mari-ghella wrote that the object of kidnaping was to obtain the exchange or freedom of prisoners as well as to end the use of torture by police. He added that the most valuable victims would be police, US representatives, political figures, or "notorious enemies of the revolutionary movement." These ideas fit in with statements by the captors of the Japanese consul general in Sao Paulo. They said that they had hoped to abduct a high-ranking Brazilian military officer but, because security was too tight, had switched to a diplomat. They told him that he had been chosen because of the importance of Japan and the large Japanese population in Brazil.

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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Whither Rhodesia?

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№ 43

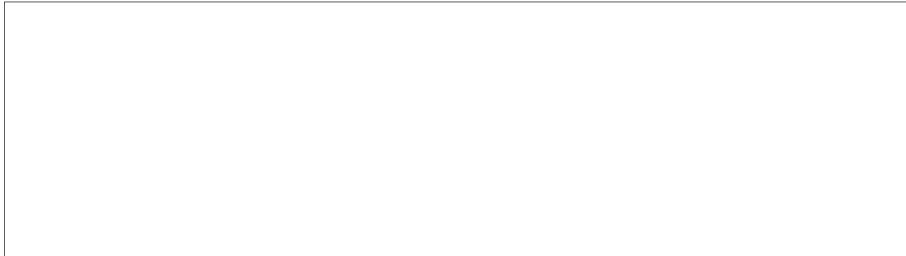
10 April 1970
No. 0365/70A

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SPECIAL REPORTS are supplements to the Current Intelligence Weeklies issued by the Office of Current Intelligence. The Special Reports are published separately to permit more comprehensive treatment of a subject. They are prepared by the Office of Current Intelligence, the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Special Reports are coordinated as appropriate among the Directorates of CIA but, except for the normal substantive exchange with other agencies at the working level, have not been coordinated outside CIA unless specifically indicated.

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WHITHER RHODESIA?

"The white man is master of Rhodesia. He has built it and he intends to keep it."
Prime Minister Ian Smith

The white minority government in Salisbury remains firmly in power and determined to chart its own political course despite the efforts of the United Kingdom, directly and through the United Nations, to end the Rhodesian "rebellion." By 1969, in fact, Rhodesia's economy had recovered enough from economic sanctions to permit Prime Minister Ian Smith to forgo further talks with London. Early this year, the government implemented a republican constitution that severs all remaining ties with the British Crown and institutionalizes white rule. Although no government is likely to recognize Rhodesia's independence soon, sanctions are expected to become less and less effective as time goes on.



Smith and Acting President Proclaim Rhodesia a Republic

Africans today outnumber whites in Rhodesia by better than 20 to 1, yet most of them, notwithstanding their many real grievances, remain withdrawn and indifferent to politics. This is partly the result of stringent government security controls, but it is the case also because most Africans are still more concerned about scratching out a living from the soil than about what goes on in the country at large. The rapid growth of the African population, with resulting land shortages and rising urban unemployment, could eventually create severe social and political strains. These problems, however, may not become critical for a generation or more. Meanwhile, although guerrilla insurgency will probably continue intermittently, the nationalists do not pose a serious threat for the foreseeable future.

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RHODESIA MOVES FURTHER RIGHT

As long as Prime Minister Smith sought a negotiated settlement with the United Kingdom, Rhodesia's political future remained unclear. His decision last year to forgo further talks with the Wilson government and to proceed with a new constitution—approved by referendum in June 1969 and finally put into effect in March of this year—ended much of the uncertainty. The new constitution ensures continued white supremacy rule, short of revolution.

Rhodesian politics have always been to the right in the political spectrum, but the new constitution moves Rhodesia closer than ever before to the policy of separate racial development practiced by its neighbor, the Republic of South Africa. Under the 1961 constitution, eventual African majority rule was a possibility. The

present constitution provides for eventual parity between the races in the Rhodesian parliament, but it ensures that such parity is unattainable, possibly for centuries.

Accompanying the new constitution are a number of acts that sharply draw the lines between the races. Franchise qualifications, for example, are now based not only on property, income, and education, but for the first time on race as well. Europeans are restricted to voting only for European candidates, and Africans can vote only for African candidates. The Land Tenure Act divides the land almost equally between Rhodesia's 228,000 whites and its more than 4.8 million blacks. Although land holdings and constituencies were, in practice, already divided largely by race, these new measures make any constitutional change in a more liberal direction incomparably more difficult than before.

The constitution also gives the government normally powers it previously had only in times of emergency and only under parliamentary supervision, such as censorship and preventive detention without trial. Moreover, the bill of rights, originally designed by the British to protect African political and civil rights, is rendered meaningless by eliminating judicial review of constitutional questions.

This course, set by the ruling Rhodesia Front party, has the overwhelming approval of white voters. In fact, Rhodesia has become nearly a one-party state. The front won all 50 white constituency seats in 1965, and it will probably do so again in this month's general election. It is opposed by the moderate Centre Party, which supports multiracialism, and the ultrarightist Republican Alliance, which wants full apartheid. Neither party has appreciable support, and their chances of winning more than one or two seats are nil.

RHODESIA: From Colony to Republic

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| November 1965 | Rhodesia unilaterally declares itself independent from the UK. |
| December 1966 | UN invokes selective mandatory economic sanctions against Rhodesia. |
| May 1968 | UN invokes comprehensive mandatory economic sanctions against Rhodesia. |
| June 1969 | Rhodesia's republican constitution is approved by referendum. |
| March 1970 | Rhodesia becomes a republic. |

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The silent majority of Africans--80 percent of whom live in rural areas--take little part in national politics. Only about 8,000 Africans are even registered to vote. The African voice in parliament is muffled and ineffectual, with membership limited now to eight directly elected representatives and eight members selected by tribal chiefs and rural councils. Most Africans, in fact, are still governed by their tribal leaders, who in turn act as agents for the white government in Salisbury.

There is probably substantial residual support for the proscribed nationalist movements among blacks in urban areas. Fearful of the police and its ubiquitous network of informers, however, and disdainful of the few African parties that try to compete legally within the system, most supporters of the nationalists have withdrawn from politics altogether. Members of the small African elite in particular steer clear of antigovernment activity to avoid jeopardizing their relatively high-paying jobs in the white-controlled economy.

THE DIPLOMATIC FRONT

The closing of the US Consulate and other Western missions in March following Rhodesia's shift to republican status was a blow to the Smith government's hopes for early de facto recognition. South Africa and Portugal, whose assistance has prevented Rhodesia from being crippled by sanctions, continue to maintain close relations with Salisbury. Even they, however, are unlikely to extend formal recognition soon because it would only focus unwanted attention on themselves, particularly at the United Nations.

In the meantime, Rhodesia will probably concentrate mainly on expanding its commercial ties with other states. [REDACTED]

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A new round of negotiations with London is still possible, but this depends largely on whether the Conservative Party wins the general election that is expected in the UK later this year. There is a great deal of sympathy among party members, particularly among Conservative Party right-wingers, for their "kith and kin," the Rhodesian whites. Although party leaders would like to reach a settlement, even they would probably find the price too high. Smith is unlikely to concede much now in return for formal recognition and an end to sanctions because Rhodesia's economy is doing so well.

THE "ECONOMIC WAR"

Economic sanctions have fostered a kind of war psychology among Rhodesian whites since 1965, and reminders of this "economic war" are often heard from political leaders. The government still holds its economic statistics closely, and prosecutes offenders for disclosing trade data. Rather than bringing Rhodesia to terms, the sanctions have stiffened the resolve of most whites to resist and have united them solidly behind Prime Minister Smith and his government.

The trade embargo had its greatest impact in 1966. Tobacco, until then Rhodesia's largest foreign exchange earner, and some other agricultural products were particularly hard hit. Exports continued to decline slowly through 1968. Last year, however, the economy showed definite signs of recovery. National income rose for the third year in a row, and exports increased for the first time since Rhodesia declared itself independent.

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Special Report

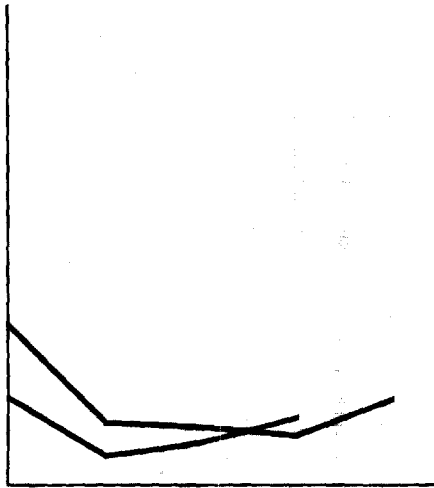
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This strong showing is in large part the result of booms in manufacturing and mining. Spurred by import restrictions, Rhodesia's manufacturing sector has diversified and expanded at a rapid pace in the last few years. Only the mining industry—which now produces asbestos, chrome, petalite, copper, pig iron, gold, and nickel—is expected to grow faster than manufacturing during the 1970s. The substantial increase in exports—perhaps as high as 20 percent above 1968—is probably attributable mainly to the growing skill of Rhodesian businessmen in evading economic sanctions. As the demand increases for Rhodesian goods, particularly mineral products, more and more holes are likely to appear in the sanctions dike. Similarly, the recent UN Security Council decision to extend mandatory sanctions to include Rhodesia's transport links with the outside world cannot be enforced effectively.

Some economic problems will continue to plague Rhodesia, however. Probably the most important of these is African unemployment. Between 30 and 40 thousand Africans leave school and enter the labor market each year, but the total number of jobs in the cash economy has changed little in the last decade. Employment will rise, now that the economy is beginning to grow again. It will not increase fast enough, however, to accommodate much of the growing labor supply as long as white labor unions, with the support of the government, continue to bar blacks from most skilled jobs. Unless more blacks are trained for the skilled and professional trades, moreover, shortages in skilled manpower will hold back economic development. This is a price, however, that the whites seem willing to pay.

One obvious partial solution to the lack of jobs is to encourage African peasants to turn from subsistence to cash-crop farming and to related industries. So far, however, the government has taken only modest steps in this direction. In 1968 it set up the Tribal Trust Development Corporation, which last year it gave \$580,000 for the development of feeder roads, irrigation projects, and marketing cooperatives. Rhodesian business leaders and the chairman of the corporation have indicated that much more will be needed if Africans are to be brought fully into the money economy and unemployment significantly alleviated. Whether the government is willing to commit more to this effort is doubtful.

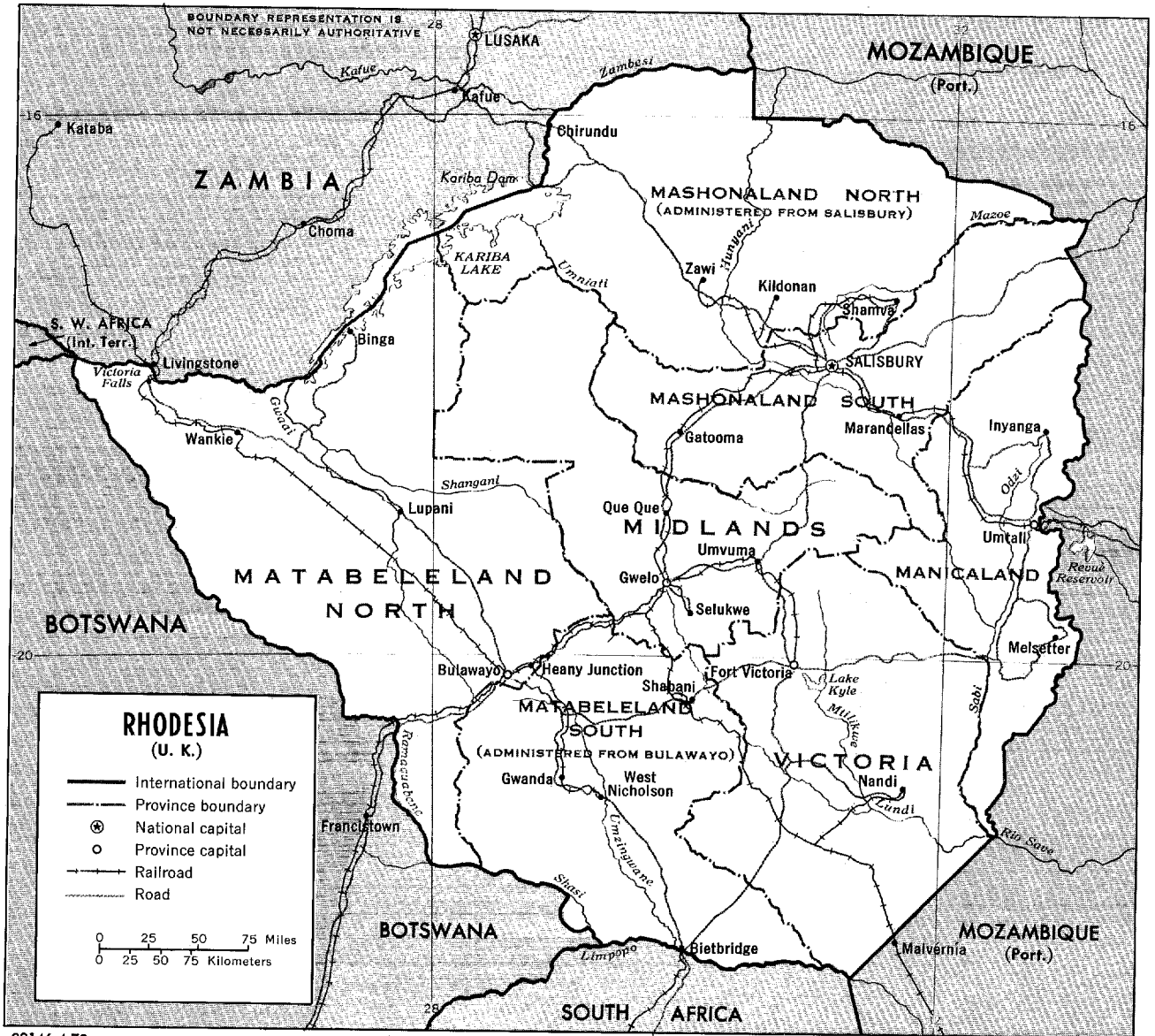
GUERRILLA INSURGENCY

In January 1970, after a 16-month lull in guerrilla activity, a small group of Rhodesian nationalists crossed the Zambezi River from Zambia and attacked a border police post and the

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Victoria Falls airport. Even though only one policeman was killed and only minor damage was inflicted on the airport, it was the nationalists' most dramatic and successful raid since insurgency began almost four years ago. Prime Minister Smith, under pressure to strike back militarily, for the first time publicly warned Zambia to discontinue its aid to the guerrillas. Although Rhodesian military forces could have wiped out the guerrillas' holding bases in Zambia, Smith was reluctant to order them into action because of the unfavorable publicity and international pressures that would result.

Subsequently, Rhodesian security forces killed or captured most of the raiding party and also part of another small group that tried to infiltrate at about the same time. A few of the guerrillas crossed into Botswana just ahead of pursuing police units, only to be promptly arrested by Botswana authorities. The outcome of this counterinsurgency operation illustrates the way the guerrilla war in Rhodesia has gone in the past and how it is likely to go for a long time to come.

OUTLOOK

Many observers consider Rhodesia a racial time bomb. They point to the already large ratio of blacks to whites, and to the fact that the African population will double in only 20 years. As a result, periodic food shortages and increasing pressures on available land in tribal areas are likely to grow more severe, and may lead to widespread rural unrest. In the cities, African discontent will be further intensified by rising unemployment. In the early 1960s, the nationalists drew extensive support from urban areas. When they resorted to violence, however, the government easily asserted its authority. Since then, the nationalists have been forced to operate largely from exile, and most of the rest of the African population has remained apathetic.

Rhodesian whites, consequently, are certain to retain a hammer lock on political power for the foreseeable future. In addition, the economy is now beginning to overcome the effects of sanctions, and will probably expand at a healthy rate during the 1970s.

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