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DIRECTORATE OF INTELLIGENCE

## Central Intelligence Bulletin

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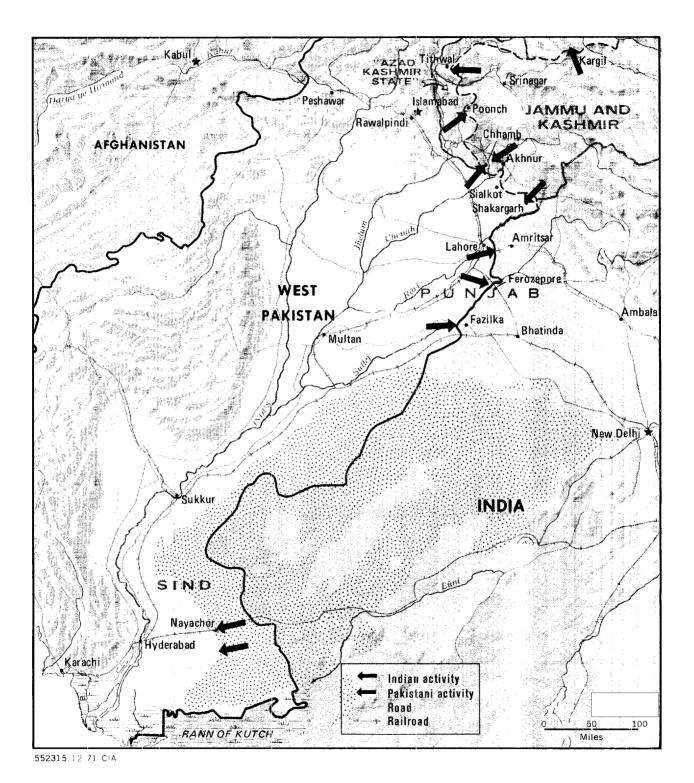
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INDIA-PAKISTAN: Pakistan has not yet indicated whether it will accept a cease-fire on the western front, where a unilateral Indian cease-fire is scheduled to go into effect at 0930 EST today.

At almost the same time yesterday that Mrs. Gandhi announced the surrender of Pakistani forces in the East, President Yahya delivered a defiant speech to his countrymen. The US Embassy in Islamabad believes that the speech could have been designed to lay the groundwork for continuing the war, but that it could also be read as an effort to muffle Pakistan's defeat and begin the painful process of preparing the people to accept the loss of the East and the necessity of terminating the war in the West.

Although most of the Western front was rela-
tively quiet yesterday, heavy fighting continued in
the Sialkot sector around the Pakistani town of
Shakargarh.
the town had been surrounded by Indian troops
but had not yet fallen. Tanks reportedly have been
but had not yet fairen. Tanks reportedly have been
used extensively in the area, and casualties on both
sides have apparently been heavy.
the Pakistanis mean-
while are massing troops and equipment just south
of Lahore,
the build-up, which includes
one of Pakistan's two armored divisions, might be
in preparation for a large-scale offensive in the
area.
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In the East, a few isolated Pakistani units, cut off from radio contact with Dacca, were still holding out yesterday, but they are expected to capitulate once they receive word of General Niazi's surrender. Early this morning the Indians claimed that some of these elements had given up. In Dacca, US officials report that no one is yet in effective control of the city. Many people there reportedly were being killed and wounded as a result of fighting between Bengalis and scattered West Pakistanis and collaborationists. General Jacob, India's chief of staff in the East, said he would impose martial law as soon as sufficient reinforcements arrive, in order to prevent further bloodletting.

In New Delhi an Indian spokesman said that the new Bangla Desh civil administration would take over today. He added, however, that Indian forces will remain in the area for an indefinite period to help restore "normalcy," repair public utilities, and repatriate refugees.

moreover, that the Indian Army will not withdraw until it is satisfied that radicals within the Mukti Bahini guerrilla forces do not pose a threat to the new regime's stability. To this end, the army has been instructed to try to isolate these groups.

New Delhi is insisting that Bangla Desh have a government that includes other political elements in addition to the Awami League. The Awami League has been resisting, but Mrs. Gandhi reportedly has come to an agreement with the multi-party consultative committee that was set up last fall to broaden the base of the Bangla Desh movement. According to the agreement, the committee, which includes some Communists as well as the Awami League, will form the nucleus of the new government.

President Yahya's position is still uncertain.

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Pakistani Army officers are unhappy with the President because of the rout of the army in the East. They also apparently blame him for not allowing them to take the initiative in the West with heavy armor.	(b)(
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CAMBODIA: THERE IS NO SIGN OF ANY EARLY RESOLUTION OF THE CONTROVERSY OVER LON NOL'S LEADERSHIP ALTHOUGH TENSIONS APPEAR TO HAVE SUBSIDED SOMEWHAT IN THE PAST WEEK.

SIRIK MATAK REAFFIRMED HIS CONCERN OVER THE PRIME MINISTER'S ERRATIC HANDLING OF MILITARY AFFAIRS TO THE US AMBASSADOR DURING A CONVERSATION ON 15 DECEMBER. MATAK ALSO AGAIN STATED THAT WHILE LON NOL HAS GAINED IN PHYSICAL STRENGTH, HIS MENTAL CONDITION HAS DETERIORATED. HE STRESSED THAT HE DOUBTS THAT ANY LONG-TERM COMPROMISE CAN BE WORKED OUT WITH LON NOL, AND THAT THE PRESENT POLITICAL IMPASSE CAN ONLY BE RESOLVED BY LON NOL'S RETIREMENT.

AT THE SAME TIME, HOWEVER, MATAK GAVE NO INDICATION THAT HE OR OTHERS ARE NOW READY TO PRESS
THEIR DISAGREEMENTS--OR THAT HE HIMSELF INTENDS TO
QUIT THE GOVERNMENT. FROM THE TENOR OF HIS REMARKS,
MATAK CLEARLY FEELS CAUGHT BETWEEN LOYALTY TO THE
PRIME MINISTER AND THE NECESSITY TO CONVINCE LON
NOL THAT IT IS IN THE COUNTRY'S BEST INTERESTS FOR
HIM TO STEP ASIDE. AS A MEASURE OF HIS RESIGNATION
AND FRUSTRATION, MATAK AT ONE POINT STATED THAT HE
IS 'PERHAPS THE MOST UNFORTUNATE MAN IN THE REPUB-

SOME KHMER KROM COMMANDERS HAVE JOINED IN THE CHORUS OF CRITICISM OF LON NOL. THESE OFFICERS, HERETOFORE AMONG LON NOL'S STAUNCHEST SUPPORTERS, REPORTEDLY ARE BITTER OVER HIS DIRECTION OF THE CHENLA II OPERATION AND THE GOVERNMENT'S FAILURE TO TAKE MORE EFFECTIVE ACTION AGAINST ENEMY FORCES WEST OF PHNOM PENH.

THUS FAR, THERE IS NO EVIDENCE THAT THE KHMER KROM ARE SEARCHING FOR ALTERNATIVE LEADERSHIP. THEIR DISENCHANTMENT WITH LON NOL, HOWEVER, ADDS YET ANOTHER UNCERTAINTY TO AN ALREADY UNCERTAIN POLITICAL SITUATION.

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JAPAN: Tokyo is preparing a position on trade liberalization to be offered if the Group of Ten meeting in Washington this weekend is successful.

Prime Minister Sato has appointed State Minister Kimura, the director general of the Economic Planning Agency, to head a task force to draw up responses to US positions put forward in Honolulu last weekend. Inter-ministerial agreement regarding these responses probably will not be reached until the cabinet meets today. Recommendations, however, include significant increases in quotas alloted to US exporters of oranges, citrus juices, and high-quality beef. Further concessions are probably under discussion.

According to US Embassy officials in Tokyo, the concessions are likely to be offered only if it appears the Group of Ten meeting will be successful in solving the world monetary realignment. Japan reportedly fears that any offer it makes now would be accepted by the US and that, if no monetary agreement is reached, further pressure would be applied when Prime Minister Sato meets with President Nixon in San Clemente in early January. This fear is based on events following the US-Japanese meetings in September. At that time the US accepted certain trade concessions offered by Japan but later requested further concessions when no monetary solution was reached.

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## NOTE

USSR: Last night a modified version of the SS-11 ICBM--designated the SS-11 Mod 3--was fired from the Tyuratam missile test center to the Kamchatka Peninsula impact area some 3,400 miles away. The Mod 3, formerly designated the Mod 2B, is one of two variants of the SS-11 being tested. It probably carries three re-entry vehicles and is designed to increase the ability of the missile to penetrate an ABM defense. This was the fourth firing of the Mod 3 this month, bringing the total for the year to 11. There have been 23 successful launches of the Mod 3 and one failure since testing began in September 1969.

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