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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

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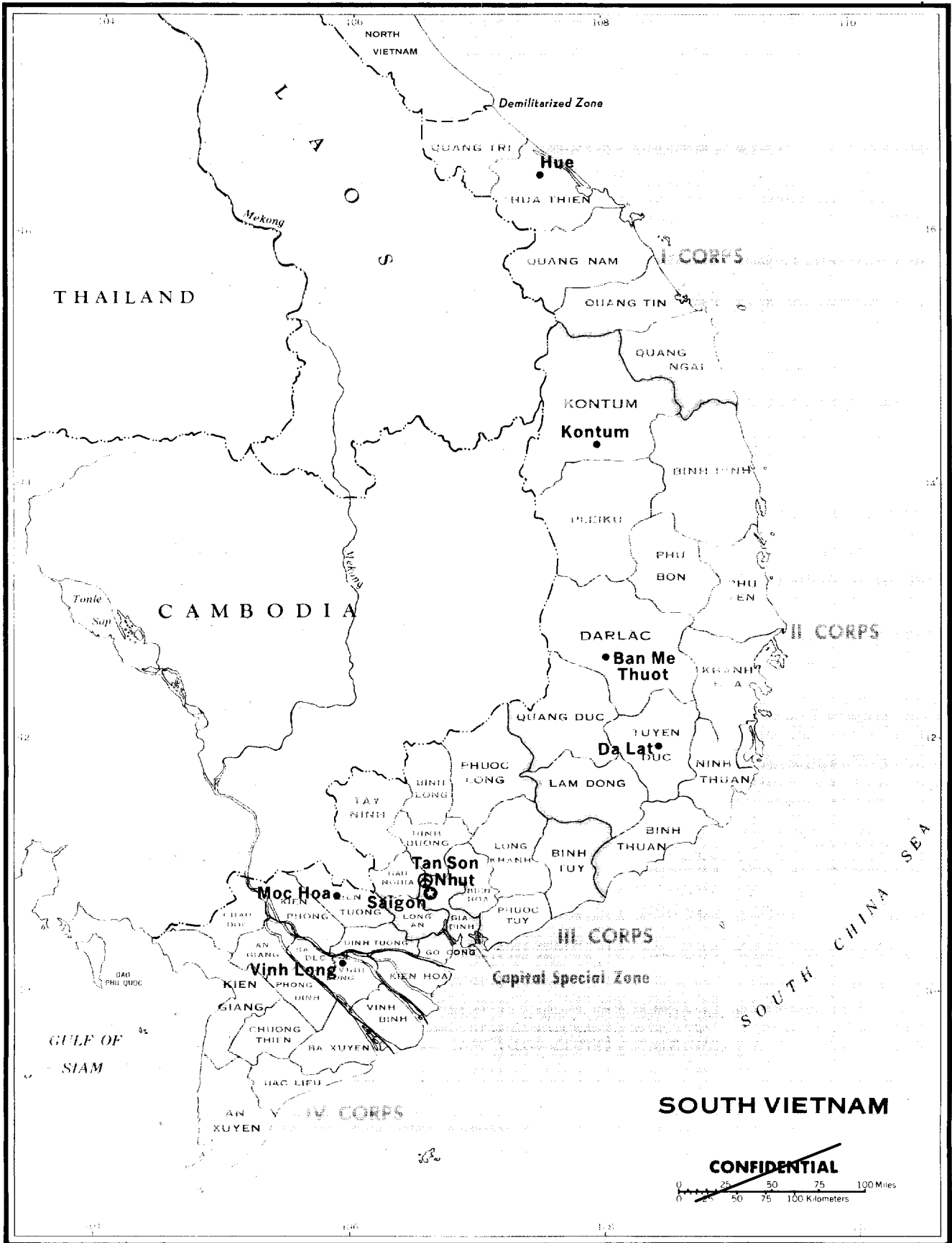
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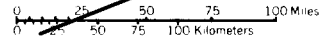
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2 Feb 68 CENTRAL INTELLIGENCE BULLETIN Map

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~~TOP SECRET~~ []*Vietnam:

South Vietnam: The Tet offensive continued into its fourth day with pockets of Communist forces holding out within or on the outskirts of key cities in each of South Vietnam's four corps areas.

Saigon was relatively quiet during the night of 1-2 February. [In early morning action, however, the Viet Cong overran two South Vietnamese police precinct stations.] Sporadic firing was reported at several other points in the city. Small arms fire continued early this morning at Tan Son Nhut airbase just northwest of the capital. The airfield was closed to all traffic due to reports of an imminent rocket attack.

In the northern half of the country the Communists still maintain strong positions within the provincial capitals of Hue, Kontum, Ban Me Thuot and Da Lat. Additionally, several district towns south of Hue have been attacked and penetrated. Allied forces, however, are continuing to restore control of the contested areas.

In the Mekong Delta sharp fighting continued in several cities. Two Viet Cong battalions are still believed to be inside Ben Tre, where two companies of the US 9th Infantry Division have arrived to reinforce ARVN forces. Heavy fighting was reported during the night at Vinh Long, and a Navy base was overrun briefly. Allied troops were also engaged within Moc Hoa and at several other provincial capitals as well as in a number of smaller towns.

Enemy dead reported since 29 January now total over 10,000. US forces have lost 232 killed and some 1,000 wounded; South Vietnamese losses stand at 522 killed and nearly 1,300 wounded.

Since the outbreak of the Tet offensive, the Khe Sanh area--the anticipated focal point of a major North Vietnamese Army push--has remained unusually quiet.

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There are indications [redacted] 3.3(h)(2)
 that heavy B-52 strikes may have disrupted the command and control facilities of the "Khe Sanh Front," the major new North Vietnamese headquarters located in Laos north-west of Khe Sanh.

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[Meanwhile, aerial reconnaissance immediately north, south, and west of Khe Sanh reveals major enemy efforts to dig trenches and bunkers ever closer to the US Marine base--an "encroachment with fortifications" reminiscent of Viet Minh tactics at Dien Bien Phu. The North Vietnamese have four divisions in the Khe Sanh - DMZ area with which they could launch coordinated attacks at any time.]

The Communists are now portraying their offensive as an all-out effort to destroy the Thieu government and replace it with a new administration under their control. While they certainly do not expect to achieve this through military action, the Communists are clearly trying to foster renewed political turmoil in the South and help bring about a situation in which they might be able to exert greater political influence.

Both Hanoi and the Viet Cong are trying to convey the impression that the time is now ripe for bringing about a solution to the conflict in accord with the program of the National Liberation Front. Their propaganda is playing down the role of the Liberation Front itself, however, and asserts instead that other groups are demanding a new administration based on Front objectives.

Although the Communists are trying to give the impression that they are winning widespread popular support for their current effort, there are no indications that they have actually succeeded in doing so. There is, however, substantial evidence that they have already shaken popular

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confidence in the Saigon government and have set back
pacification and other nation-building programs.

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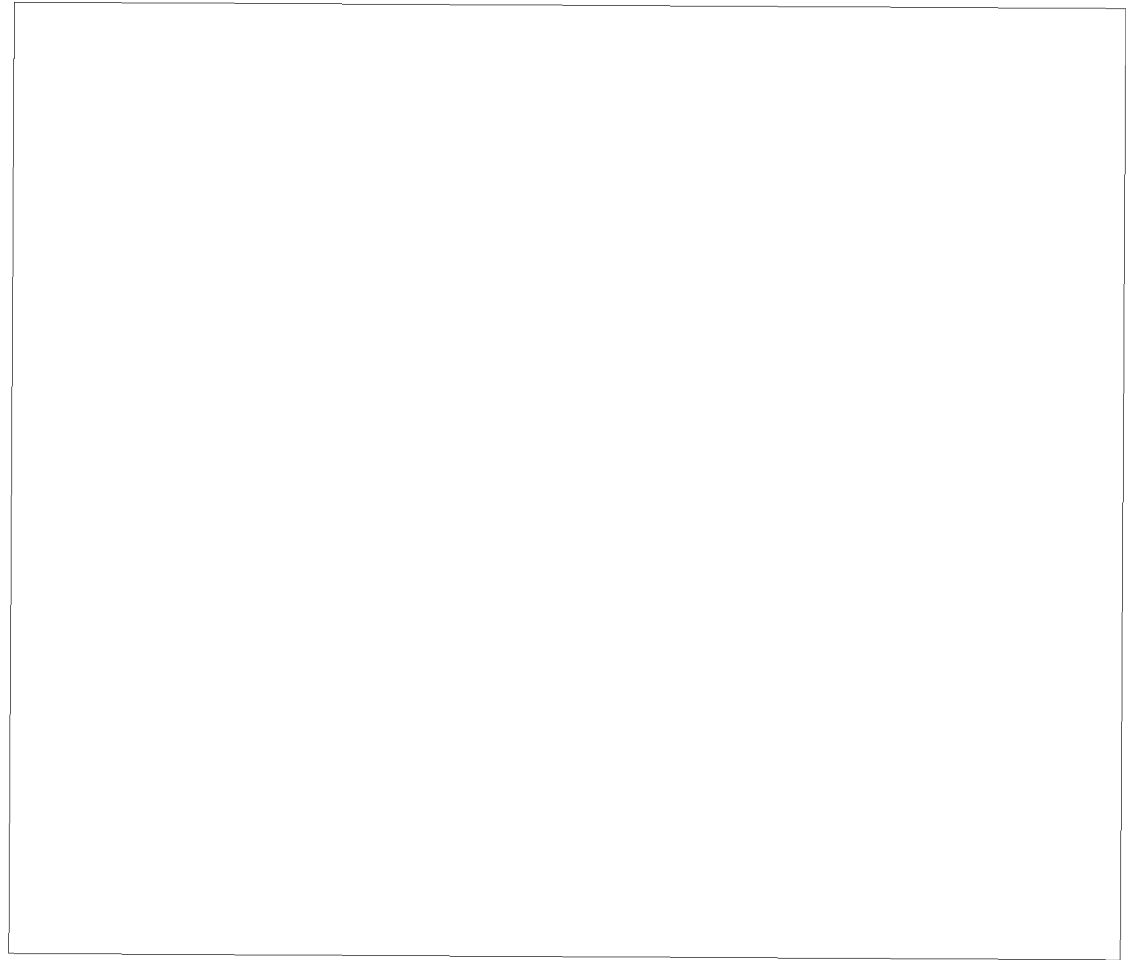
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Laos: [There are new signs of tension within the army leadership.]

[General Phasouk Somly, commander of a key southern military region and one of the few capable Lao military leaders, submitted his resignation to the King on 27 January. Although there was no prior warning that Phasouk contemplated quitting, he has long chafed over what he regards as lack of adequate material support from Vientiane and excessive interference by the higher echelon there.]

[Phasouk has said that his relations with the general staff have become more strained as his political power in the south has grown and that Vientiane's hostility reflects its continuing fear of southern regionalism. Phasouk also claimed that his close association with the US was a major source of irritation in Vientiane.]

[Phasouk probably intends his resignation as a device to draw attention to his grievances and probably does not actually wish to relinquish his command. He probably calculates that Prime Minister Souvanna will induce him to withdraw his resignation.]

[Nonetheless, Phasouk's restiveness is only the latest and most explicit expression of the backbiting that has gripped the Lao armed forces in the wake of recent sharp military setbacks.]

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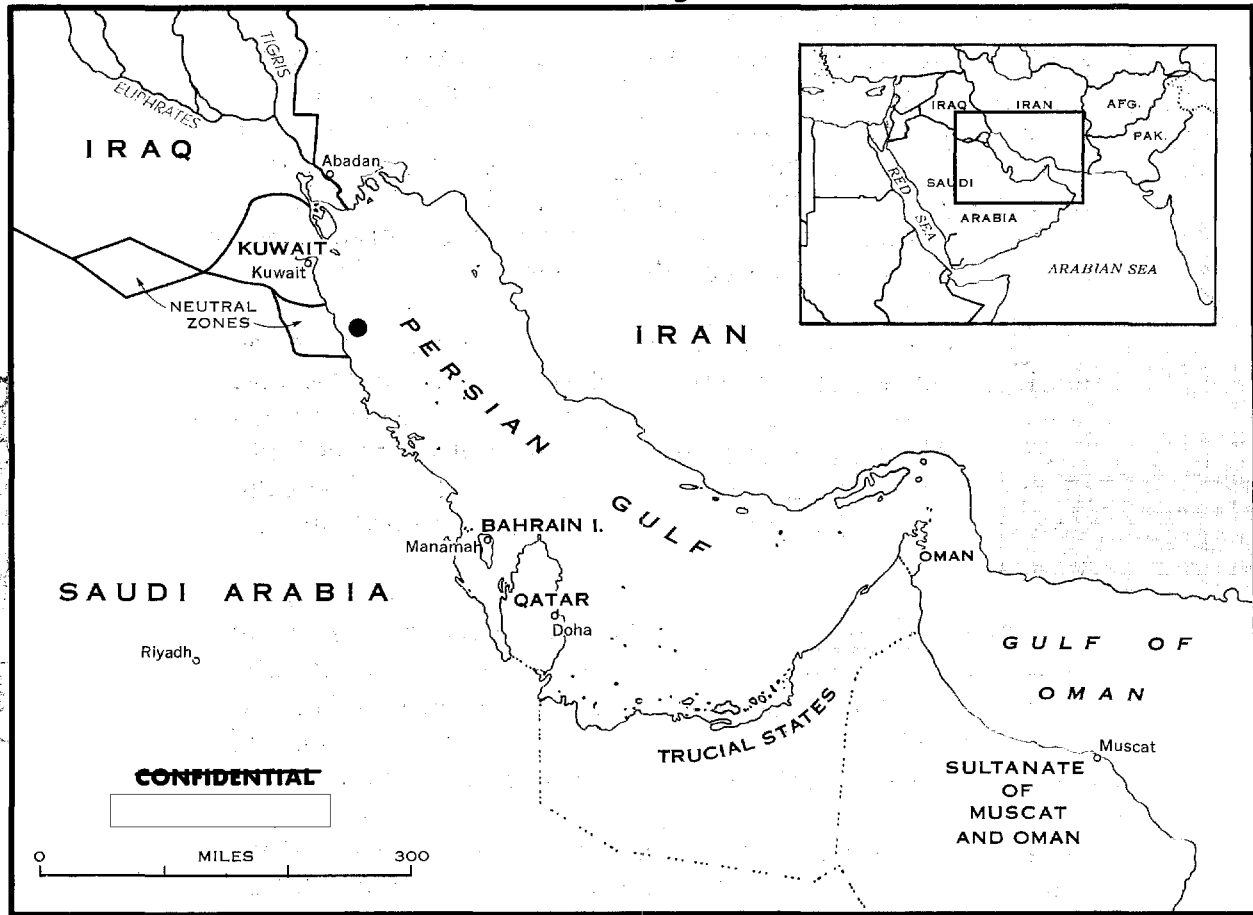
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Location of Iranian Seizure of ARAMCO Barge



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2 Feb 68 CENTRAL INTELLIGENCE BULLETIN Map

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Iran - Saudi Arabia: [Relations between the two states took a turn for the worse yesterday when Iran seized an ARAMCO oil-drilling barge.]

[The incident had its origins in a dispute over drilling rights in the Persian Gulf. Last month the Iran Pan American Oil Company began to drill in a part of the Persian Gulf where Saudi Arabia has the mineral rights. ARAMCO thereupon sent an oil-drilling barge to a point east of the Iranian rig but still within the Saudi zone.]

[The Iranian Government gave ARAMCO a deadline for removing the rig, and, when it expired, Iranian forces boarded the barge. They took its crew of ten Americans and 59 Saudis into custody, along with a Saudi official who had flown out to talk to the Iranians.]

[The Shah apparently has ordered the release of the personnel and may allow ARAMCO to tow its barge back to Saudi Arabia. If ARAMCO does not remove the barge, the Iranians have indicated that they will probably seize it. In light of possible legal complications, ARAMCO may be reluctant to withdraw.]

[The original Iranian action may have resulted in part from the Shah's anger over a recent statement by King Faysal supporting the "Arabness" of Bahrain Island, which Iran has claimed for two centuries. Shortly after yesterday's incident, the Shah canceled a scheduled trip to Saudi Arabia.]

[The barge incident will almost certainly confirm the suspicions long held by Arab states around the Gulf that Tehran hopes to dominate the area following the withdrawal of British military forces. At a minimum, the affair illustrates the difficulties the Persian Gulf states will face in trying to develop cooperation.]

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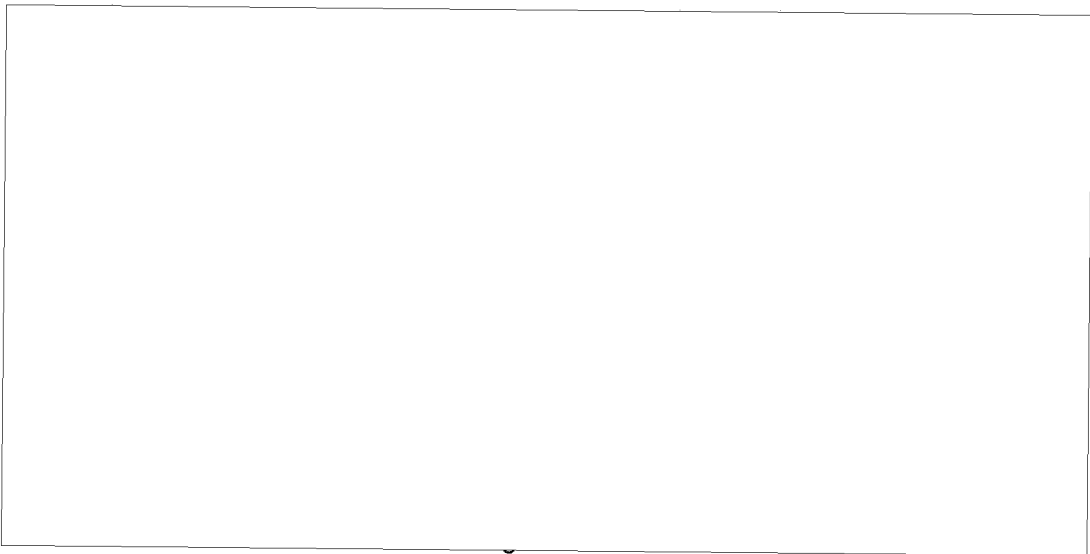
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Jordan: [A general loosening of authority appears to be taking place in Jordan.]

[King Husayn's personal position has not changed markedly in the past few weeks, although he reportedly is demonstrating an increasing aversion to tackling serious problems. No opposition group has yet taken shape, but senior army officers have privately criticized the King's determination to maintain ties with the West and his failure to obtain Soviet arms. In addition, both the British and American ambassadors in Amman have expressed concern over the extent of anti-American sentiment shown by Jordanians from the ministerial level on down.]



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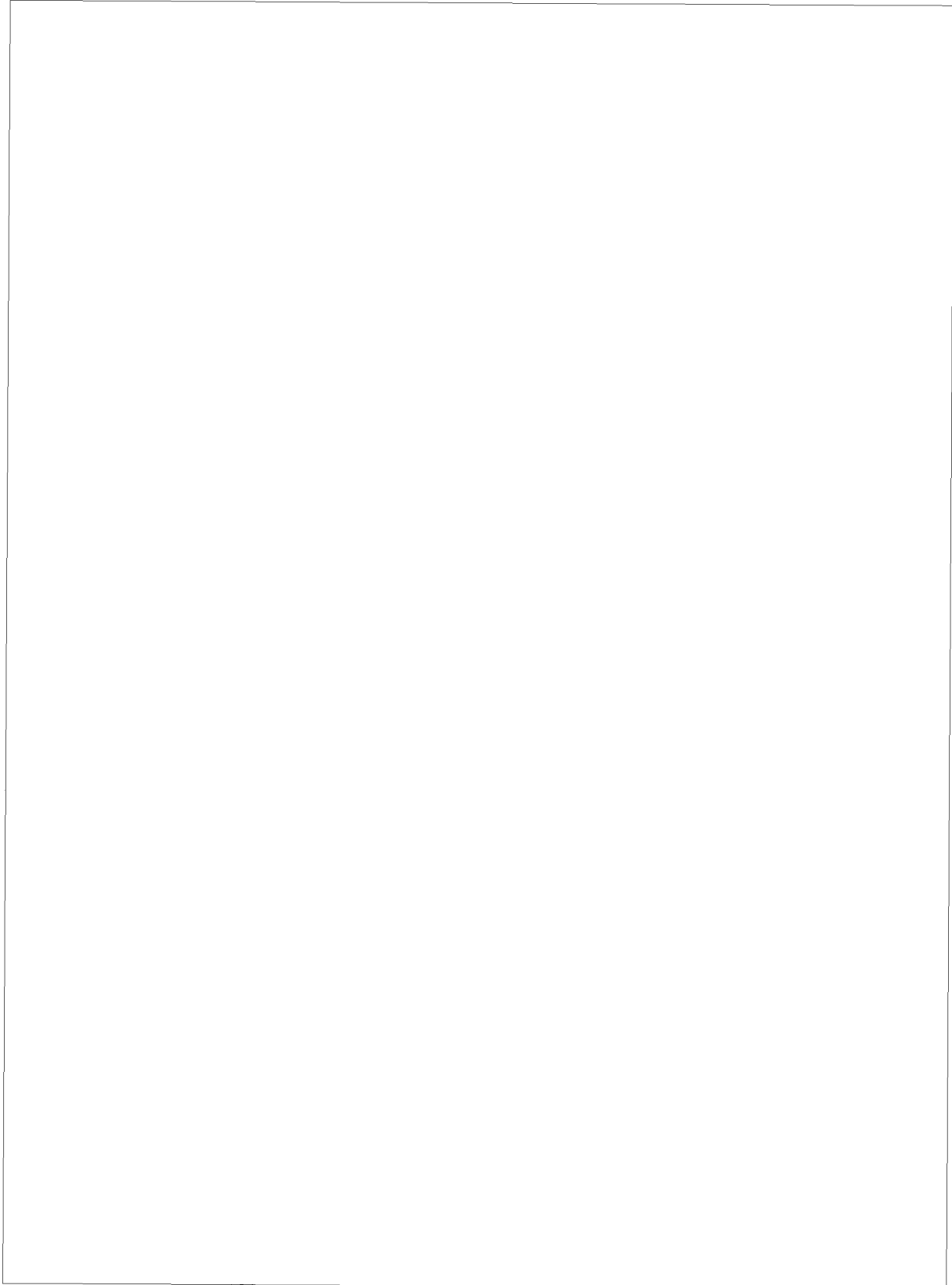
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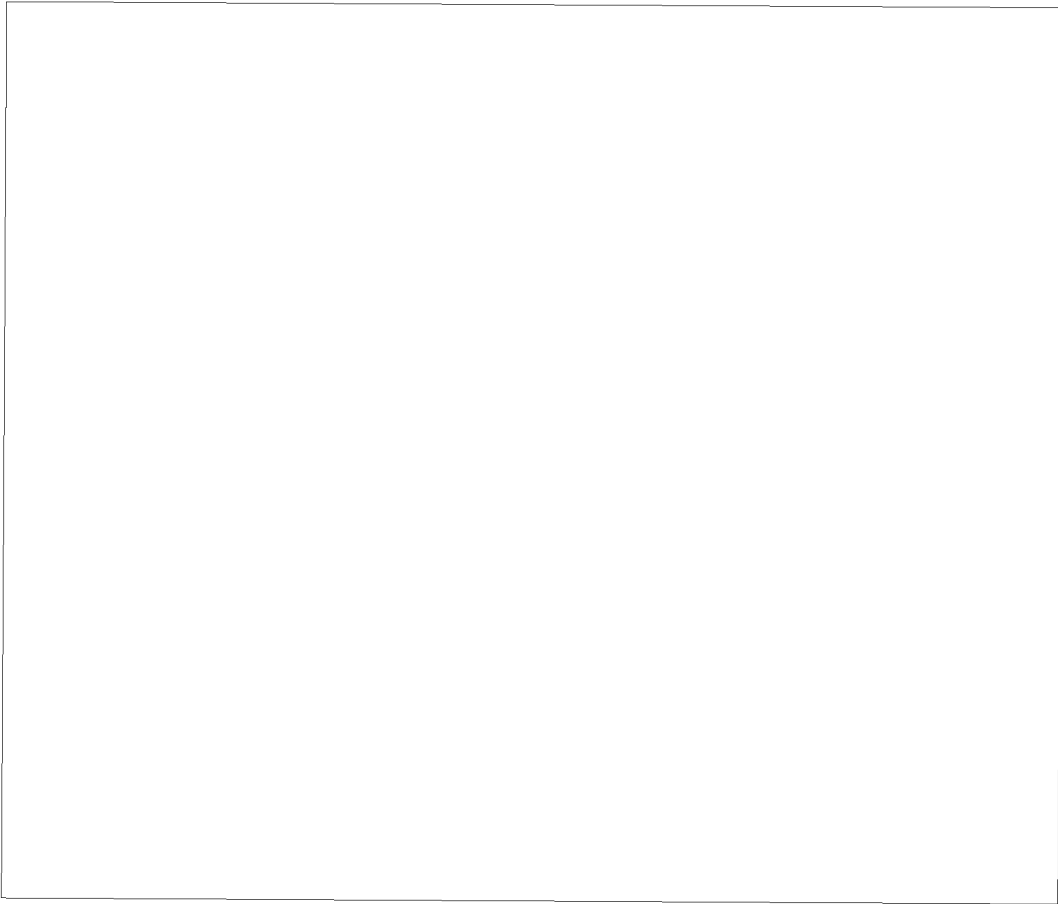
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Denmark: Hilmar Baunsgaard has put together a three-party coalition and is expected to present a list of cabinet ministers to the King today.

Baunsgaard, a leader of the centrist Radical Liberal Party, will be Denmark's first non-Socialist prime minister in almost 15 years. He probably will choose the Moderate Liberal leader Poul Hartling as foreign minister, and Conservative Party spokesman Poul Mollor as finance minister. The cabinet may be cut from 19 to 15 with each coalition partner holding five portfolios.

Nothing is known about the agreements the three parties reached on defense and foreign policies. The Radical Liberals have long advocated a referendum on Denmark's participation in NATO, while the other two parties are strong supporters of the alliance. The coalition is expected to cut defense and other spending and to raise taxes.

The new government faces rising public pressure to redefine US treaty rights in Greenland as a result of the lost H-bombs. Some newspapers and political commentators are questioning the need for the US to maintain the base at Thule.

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Czechoslovakia - West Germany: Bonn will soon open a permanent trade mission in Prague.

An agreement for such a mission was reached last August, but the Novotny regime delayed formal approval of it, presumably because of the crisis in the Czechoslovak leadership. [Shortly after the change in party leadership, the new Dubcek regime assured the West Germans that the agreement would be signed within a month, pointing out that the delay was caused solely by domestic political problems.]

The 25-man German mission will have semidiplomatic status and will perform certain consular functions. The West Germans hope that the mission can later be parlayed into an embassy.

Prague is the last of the five East European capitals approached by West Germany to agree to such a mission. Although perhaps unrelated, Prague's action came just a day after party boss Dubcek returned from a "get acquainted" meeting with Soviet leaders in Moscow and coincided with the resumption of diplomatic relations between West Germany and Yugoslavia.

Any new formal, or even informal, contacts between Prague and Bonn will increase the suspicions of the East German and Polish regimes about the future policies of the Dubcek leadership with respect to the West Germans. Both of these states have been working to prevent Bonn from expanding its relations in Eastern Europe.

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NOTE

Venezuela: Leftist extremists reportedly plan to kidnap Major General Chester L. Johnson, commander of US Army Forces Southern Command, who is visiting Venezuela. The Venezuelan police, who claim to have discovered the plan and identified the principals, are taking additional security measures along the general's tour route. US military personnel have been kidnaped twice before in Venezuela, and another attempt would not be unlikely now in view of the recent incident in Guatemala. [redacted]

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