

RADIO FREE EUROPE
MUNICH

1970 MAY 13 14:13

OUTGOING CIPHER MESSAGE

TO: C

MUN 23 13 MAY 70

TO: DURKEE INFO YARROW HOVEY DUNNING REYMAN KAUFMANN SCHNEIDER
FM: WALTER INFO COOK BROWN KOHAK LYON

131342:

RFE DAILY REPORT NO. 106

1. BULGARIA: NOTHING

2. CZECHOSLOVAKIA: WE NOTE THAT WHILE RADIO BUDAPEST HAS REPORTED A RESHUFFLE IN CEMADOK (DS), THE CULTURAL ORGANIZATION OF THE HUNGARIAN MINORITY, CZECHOSLOVAK MEDIA HAVE NOT AS YET CARRIED ANYTHING ON THE SUBJECT.

3. HUNGARY: AN AGREEMENT WAS SIGNED MONDAY ON A 30 MILLION EURODOLLAR LOAN BY A CONSORTIUM OF WESTERN BANKS FOR INVESTMENT IN HUNGARY'S PHARMACEUTICAL INDUSTRY. YESTERDAY'S HUNGARIAN SITUATION REPORT POINTS OUT THAT THIS IS THE FOURTH LOAN TO HUNGARY BY PRIVATE WESTERN BANKS (IT IS ALSO THE LARGEST SO FAR). PLEASE NOTE THAT REPAYMENT IS TO BEGIN IN 1973, NOT NEXT MONTH AS WAS STATED IN THE SR.

4. POLAND: UPI FROM WARSAW REPORTED YESTERDAY IN A USEFUL ROUNDUP OF THE FIRST DAY OF THE COMECON SESSION ON CONTINUING EAST EUROPEAN RESERVATIONS ABOUT CLOSER INTEGRATION. THIS APPEARS TO BE REFLECTED IN CYRANKIEWICZ' VERY MILD OPENING SPEECH, WHICH SPOKE OF INTEGRATION ONLY AS A GRADUAL, LONG-TERM PROCESS, AND STRESSED THAT THERE WAS NO ROOM IN COMECON FOR DISCRIMINATION AGAINST ANY MEMBER.

5. RUMANIA: NOTHING

6. OTHER: REGARDING THE SELECTION OF MONTREAL AS THE SITE OF THE 1976 SUMMER OLYMPIC GAMES, WE HAVE INSTRUCTED BDS NOT IN ANY WAY TO GLOAT OVER THE FACT THAT MOSCOW WAS NOT CHOSEN, NOR TO PLAY UP WHAT APPEARS TO HAVE BEEN A TECHNICAL MISHAP ON THE PART OF TASS IN PREMATURELY ANNOUNCING VICTORY FOR MOSCOW. THE NEED FOR SENSITIVE HANDLING OF THIS TOPIC, ESPECIALLY IN VIEW OF THE STRONG POSSIBILITY OF A MUCH MORE HOSTILE EAST EUROPEAN STANCE ON THE 1972 MUNICH GAMES IN THE FUTURE, IS EVIDENT. SOME BD'S MAY EXPRESS THE VIEW THAT EAST EUROPEAN COUNTRIES SHOULD NOT BE RULED OUT AS OLYMPIC SITES FOR POLITICAL REASONS.

(MORE)

DEPOSED CAMBODIAN CHIEF OF STATE, SIHANOUK, HAS INDICATED THAT HE HOPES TO RETURN AT THE HEAD OF HIS NEWLY ESTABLISHED "ROYAL GOVERNMENT OF NATIONAL UNION" BY VIRTUE OF THE BAYONETS OF CAMBODIAN RESISTANCE FORCES. NCNA REPORTS THAT SIHANOUK HAS CALLED ON CAMBODIAN GUERRILLAS AND GOVERNMENT ARMED FORCES WHICH HE URGES TO JOIN THE GUERRILLAS TO SUPPORT THREE MEMBERS OF HIS NEWLY FORMED CABINET IN ADMINISTERING WHAT HE TERMS "LIBERATED" AREAS OF THE COUNTRY. THESE THREE COMMUNISTS OR CRYPTO-COMMUNISTS ARE HON YUON (MINISTER OF THE INTERIOR), KHIEU SAMPHAN (MINISTER OF DEFENSE) AND HU NIM (MINISTER OF INFORMATION). THEY ARE DESCRIBED BY SIHANOUK AS "NOW LEADING THE NATIONAL RESISTANCE IN THE COUNTRY" AND THE RED PRINCE SAYS HE HAS ENTRUSTED CONTROL OF THE LIBERATED AREAS TO THEM. ALL THREE GENTLEMEN HAVE RECORDS OF INVOLVEMENT WITH THE KHMER ROUGE. THUS A SITUATION WOULD SEEM TO BE SHAPING UP SIMILAR TO THAT IN LAOS WHERE THE PATHET LAO IS THE MILITARY ARM OF THE COMMUNIST PARTY BUT IN FACT THE REAL MILITARY OPERATIONS ARE PERFORMED BY THE VIET-NAMESE. IN THIS INSTANCE THE ROLE OF THE KHMER ROUGE WOULD APPEAR ANALAGOUS TO THAT OF THE PATHET LAO.

AFTER HIS ELEVENTH SESSION WITH GROMYKO, STATE SECRETARY EGON BAHR IS STILL PRESERVING THE OFFICIAL OPTIMISTIC NEGOTIATING VISAGE AND THE OFFICIAL SILENCE DESPITE THE INCREASINGLY CRITICAL POSTURE OF SOVIET MEDIA VIS-A-VIS THE FRG. AFTER THE LAST SERIES OF MEETINGS BAHR HAD EXPRESSED OPTIMISM THAT THE PRELIMINARIES WERE MAINLY GOT OUT OF THE WAY AND BRANDT STATED THAT THE OUTLINE OF A "GEWALTVERZICHTSERKLAERUNG" HAD "BECOME VISABLE" (CF DR. NO. 68 OF 23 MARCH). NOW, WITH THE SOVIET PRESS CLEARLY INSISTING THAT BONN SHOW ITS GOOD FAITH BY DEEDS AND THE "SPIELRAUM", AS VETERAN MOSCOW CORRESPONDENT HEINZ HOFMANN CALLS IT, BEING REDUCED, BAHR SEEMS TO BE PUT CLEARLY ON NOTICE THAT CONCESSIONS MUST BE FORTHCOMING AT SOME POINT IF A RENUNCIATION OF FORCE AGREEMENT IS TO BECOME A SERIOUS POSSIBILITY.

THE SOVIETS, EVIDENTLY EXPERIENCING DIFFICULTIES WITH THE ROMANIANS DURING THE COURSE OF THE WARSAW CEMA SESSION, HAVE CHOSEN TO LECTURE THE ROMANIANS ON HOW MUCH BUCHAREST OWES MOSCOW FROM PAST ECONOMIC ASSOCIATIONS. RADIO MOSCOW, IN ROMANIAN RECALLS THE PAST SOVIET LOANS TO ROMANIAN DEVELOPMENT DURING THE EARLY DAYS OF "SOCIALIST ROMANIA."

END MSG