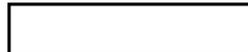


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State Department review completed

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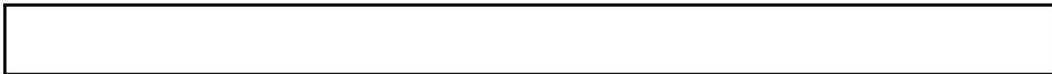


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North Vietnam - Cambodia: The Communist boycott of the Paris talks yesterday is essentially a temporizing measure in line with Hanoi's recent caution on all political aspects of its Indochina policy.

The Communists announced that they would stay away from the conference table for just one week. Their failure to break off the talks completely is perhaps the best example to date of Hanoi's unwillingness to close off any political options. The propaganda treatment of recent US military actions--condemning them in strong terms but carefully not committing Hanoi to forceful retaliation--is also in this vein.

One of the reasons for Hanoi's caution may be an inability to get Moscow and Peking to agree on a common line. This is suggested by the prolonged sojourn abroad of Party First Secretary Le Duan, who has been away from home almost three weeks; most recently he has taken a side trip to Poland. His absence at such a critical time suggests that the Vietnamese are being pulled in different directions by their two principal allies, with Peking pressing a militant line and Moscow advising moderation.

Hanoi recognized Sihanouk's new government-in-exile yesterday but did not simultaneously break off relations with the Lon Nol government, as did the Chinese. Such a move is probably only a matter of time. The main problem for the Communists now is how many of their political and military assets in Indochina they should devote to their current campaign to put Sihanouk's government in Phnom Penh. Uncertainty on this point probably is behind Hanoi's current caution. These problems, however, will not prevent the Communists from making tactical military decisions in response to Allied cross-border operations.

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Venezuela-Guyana: Border talks are reaching their final stages with no sign of progress.

The two countries are simultaneously carrying on two sets of discussions. Talks on a technical level have been going on for the past three months to prepare for a meeting between the two foreign ministers. At the same time, the mixed-border commission, which officially expired last February after four years of fruitless discussions, is preparing its final report.

The last of the technical talks is to be held on 9 May. Venezuelan Foreign Ministry officials have told the US Embassy that they doubt this session will succeed in arranging a meeting of the foreign ministers.

The mixed-border commission is to present its report by 17 May. The two countries have agreed to explore other means of reaching a solution to their border problem for another three months. If no conclusion is reached by then, the dispute is to be submitted to the Secretary General of the United Nations for his recommendations.

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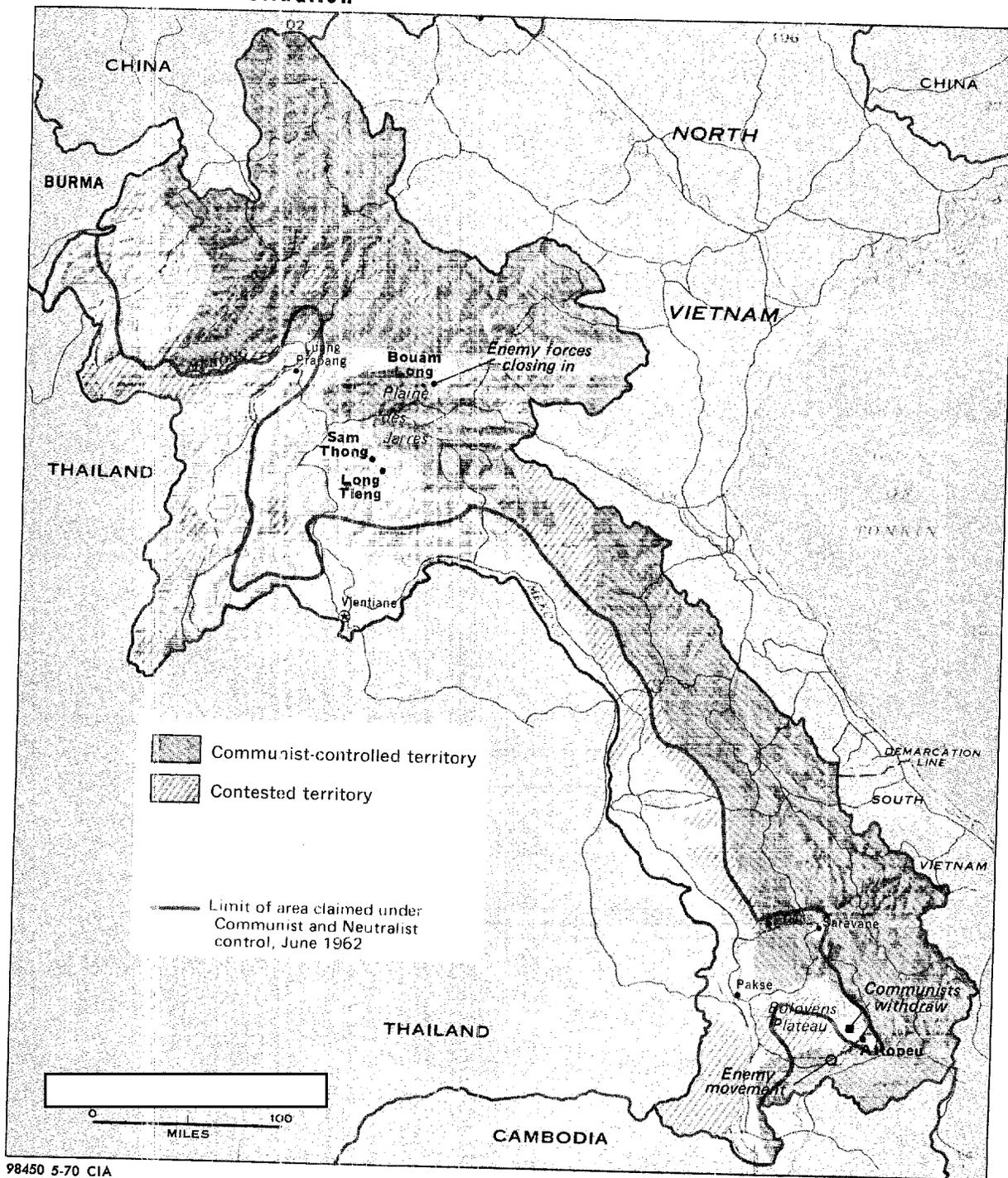
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Laos: Current Situation



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USSR-Czechoslovakia: The most interesting point in the Soviet-Czechoslovak friendship treaty signed yesterday is the assumption of mutual defense obligations which are not confined to Europe. The Warsaw Pact treaty and other Soviet bilateral treaties with East European allies explicitly limit defense obligations to Europe. East Europeans who have sought to avoid involvement in a possible Sino-Soviet military conflict will read this provision as confirmation of their fears. As expected, the central tenet of the "Brezhnev doctrine" is also incorporated, for the first time, in the treaty. [REDACTED]

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Laos: Communist forces have abandoned the key base overlooking Attopeu town after eight days of government artillery and air strikes. No other major actions have been reported in the south, but Laotian pilots have reported sighting three enemy companies moving near the southern edge of the Bolovens Plateau. In the north, government guerrillas have regained some high ground within rocket range of Long Tieng and Sam Thong. Enemy forces, however, apparently are closing the perimeter around the isolated government outpost at Bouam Long.

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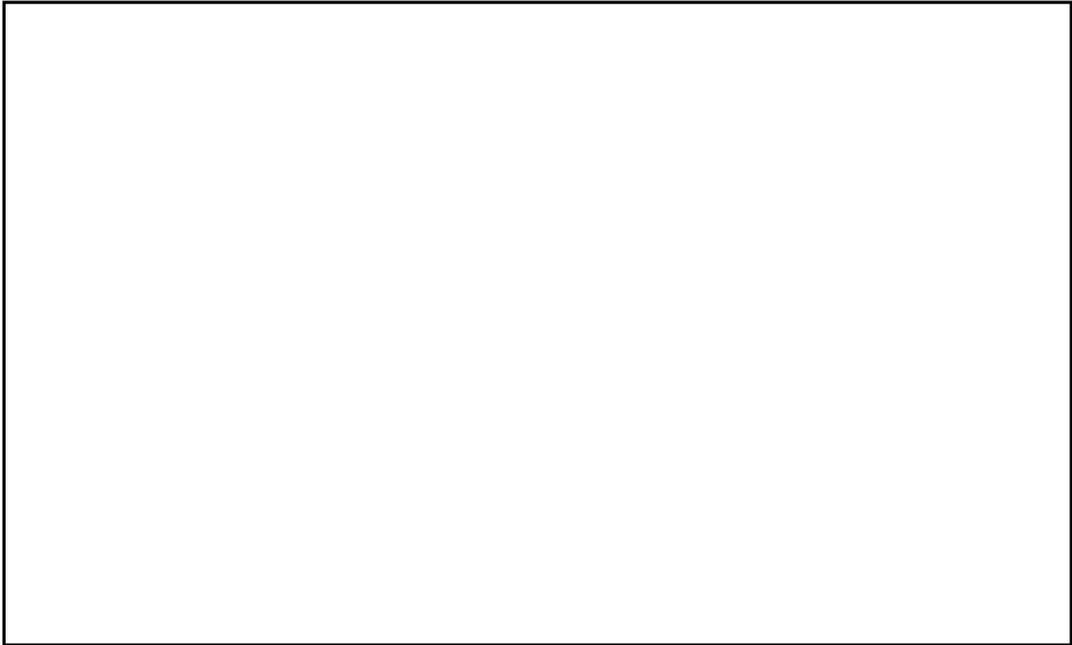
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Hungary: Party boss Kadar has decided to allow his Stalinist predecessor Matyas Rakosi to return home from exile in the Soviet Union [redacted]

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Rakosi's advanced age, his failing health, and his 14-year separation from the nation should exclude him as a political force, but Kadar reportedly held out for guarantees of good behavior before agreeing to his return. Kadar probably believes that ending the embarrassing exile arrangement will create some goodwill with the Soviets. There is no immediate evidence of nervousness within the country, but the regime is being very cautious and may announce its decision only after Rakosi is settled somewhere out of public view. [redacted]

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CEMA: The CEMA council will convene in Warsaw early next week in an effort to focus on the financing of national investment projects of mutual interest. The major topic to be discussed is the long-pending establishment and capitalization of a CEMA Investment Bank, including the amount of convertible currency each member is to contribute. In addition to stimulating multilateral investments within Eastern Europe and the USSR, the bank is designed to finance imports of Western technology and equipment required for such projects. [REDACTED]

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Ireland: The long simmering dispute within the ruling Fianna Fail Party concerning the government's dovish policy on Ulster has resulted in a cabinet upheaval. In calling for the resignation yesterday of the agriculture and finance ministers, Prime Minister Lynch accused them of not backing the government in its quest for a united Ireland by peaceful means. He indicated that Dublin does not intend to modify its policy of refusing to use force to end partition. A third hard-liner on the issue, Minister of Local Government Boland, has quit, and Lynch has advised the President to accept Boland's resignation. The party deputies met last night and, as expected, gave full support to the prime minister. [REDACTED]

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El Salvador: About one fifth of the country's sizable coffee surplus over its quota for 1969-70 probably will be sold to Communist countries. Quotas are determined by the International Coffee Agreement, which regulates sales to major consumers. Poland and Hungary have agreed to purchase 100,000 bags, and negotiations for a 50,000-bag sale to the USSR are under way. No prices have been announced, but the three deals are likely to bring in at least \$9 million in hard currency, or 4 to 5 percent of total exports. Larger amounts of surplus coffee have in the past been sold to the bloc at lower prices or on barter terms. The current cash sales, however, will help to compensate for El Salvador's reduced trade within the Central American Common Market since the conflict with Honduras in mid-1969.

[Redacted]

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