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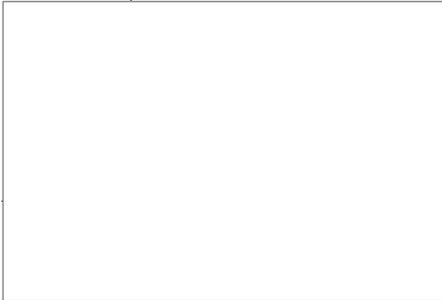
THE PRESIDENT'S INTELLIGENCE CHECKLIST



25 MAY 1962
~~TOP SECRET~~

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1. Laos



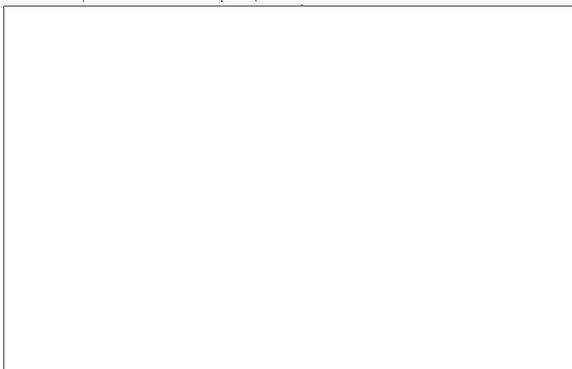
a. We are trying to check out a late press report attributing to Sarit a statement that Saravane, in south central Laos, has been taken over by Pathet Lao forces.

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b. Souvanna, who has departed Rangoon for his Khang Khay headquarters, will find that he has lost a considerable following among the dominant left-leaning faction in his neutralist group. We suspect the leftists would prefer he stay away. Souvanna's weakened position will encourage the Pathet Lao to raise their terms for a negotiated settlement.

c. In Vientiane, Boun Oum's cabinet has decided to launch an anti-US campaign which will be kicked off next week by a parliamentary debate against US policy in Laos.

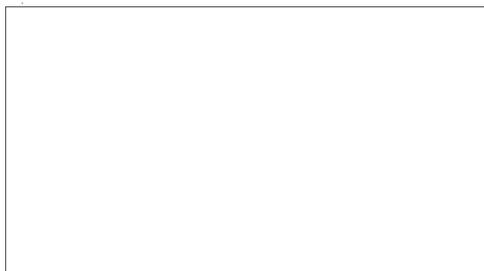
2. Hong Kong refugees



Chinese authorities are now rounding up some 15,000 would-be refugees in the Shumchun area just north of the Hong Kong border and are deporting them north by truck and train. We see this as a precautionary measure before attempting to impose strict border and travel controls

A sharp drop in the exodus in the past 24 hours suggests that some restrictions have already been imposed. Even so, with security forces expanded and tempers frayed on both sides there is still a possibility of serious violence.

3. Peru



The personal vendetta between the Peruvian military and Victor Haya de la Torre, anti-Communist, reformist presidential candidate, threatens the overthrow of the constitutional government.

should it become clear that Haya will be elected on 10 June. Widespread civil disorders would probably ensue. No matter how the elections go, in these circumstances only the Communists stand to gain.

4. North Korea



The North Koreans have been quietly and steadily building an impressive military establishment. We see no indication that they are presently planning anything, but a good deal of realism is being injected into ground and air exercises built around the "liberate the south" theme. Although the South Koreans outnumber them in ground forces, the North Koreans are vastly superior in air strength, and we are watching the situation closely.

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5. Indian-Soviet aircraft deal



a. Indian Vice Air Marshal Dutt has now returned from Moscow with details of the Soviet offer of MIG-21s. Krishna Menon, who has apparently managed to prevent opponents of the deal from having a say, hopes to get Nehru's final go-ahead at a meeting scheduled for next Tuesday.

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b. [redacted] the offer has been sweetened with an offer of an "air defense system" and assistance in ground support procedures and installations.

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6. Yugoslav-Soviet relations

Moscow, as an earnest of its desire to improve relations with Yugoslavia, is willing to reinstate the \$244 million credit which it put on ice in 1958. A Yugoslav economic delegation is to leave shortly for Moscow to work out details. Yugoslav officials are showing concern over anticipated western reaction and contend that Moscow's terms are compatible with complete Yugoslav freedom of action. Ambassador Kennan believes this is probably true; he thinks the Yugoslavs, as in 1955, hope the new circumstances will give them a chance to push the bloc toward a looser grouping of states pursuing common goals to which they could adhere.

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NOTES

- A. Soviet trade statistics just published show that Sino-Soviet trade last year dropped even more than we had thought--to \$910 million from the 1960 level of \$1.6 billion. We believe the level of trade planned for this year is about the same as last year; even this may not be met. 50X1
- B. The Indonesians are likely to be even more suspicious of Dutch intentions after last night's action by the Dutch lower house, which rejected a Labor party resolution asking the government to accept the Bunker plan as a basis for settling the West New Guinea dispute. U Thant has decided to release the text of the Bunker formula tomorrow. 50X1
- C. In Argentina, with the peso sagging, a general strike in prospect, a banking scandal festering and the government floundering, rumors are again spreading that Guido's about to be overthrown. 50X1
- D. The Adoula-Tshombe talks are back on the track again, but neither side is being helpful. 50X1
- E. With Ne Win's authoritarian tactics and programs antagonizing most of the important groups in Burma, the prospects of a long life for his regime are not good. 50X1
- F. Khrushchev gives a nationwide radio and television address this morning at 1130 Washington time. He is supposed to talk about his trip to Bulgaria, but we doubt he will confine his remarks to that. 50X1
- G. We see signs that at least some elements of the OAS are beginning to have second thoughts about their present course of all-out terrorism. 50X1

DOCUMENT OF INTEREST

I.

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THE DIRECTOR OF CENTRAL INTELLIGENCE