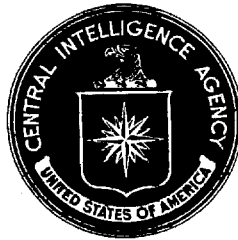


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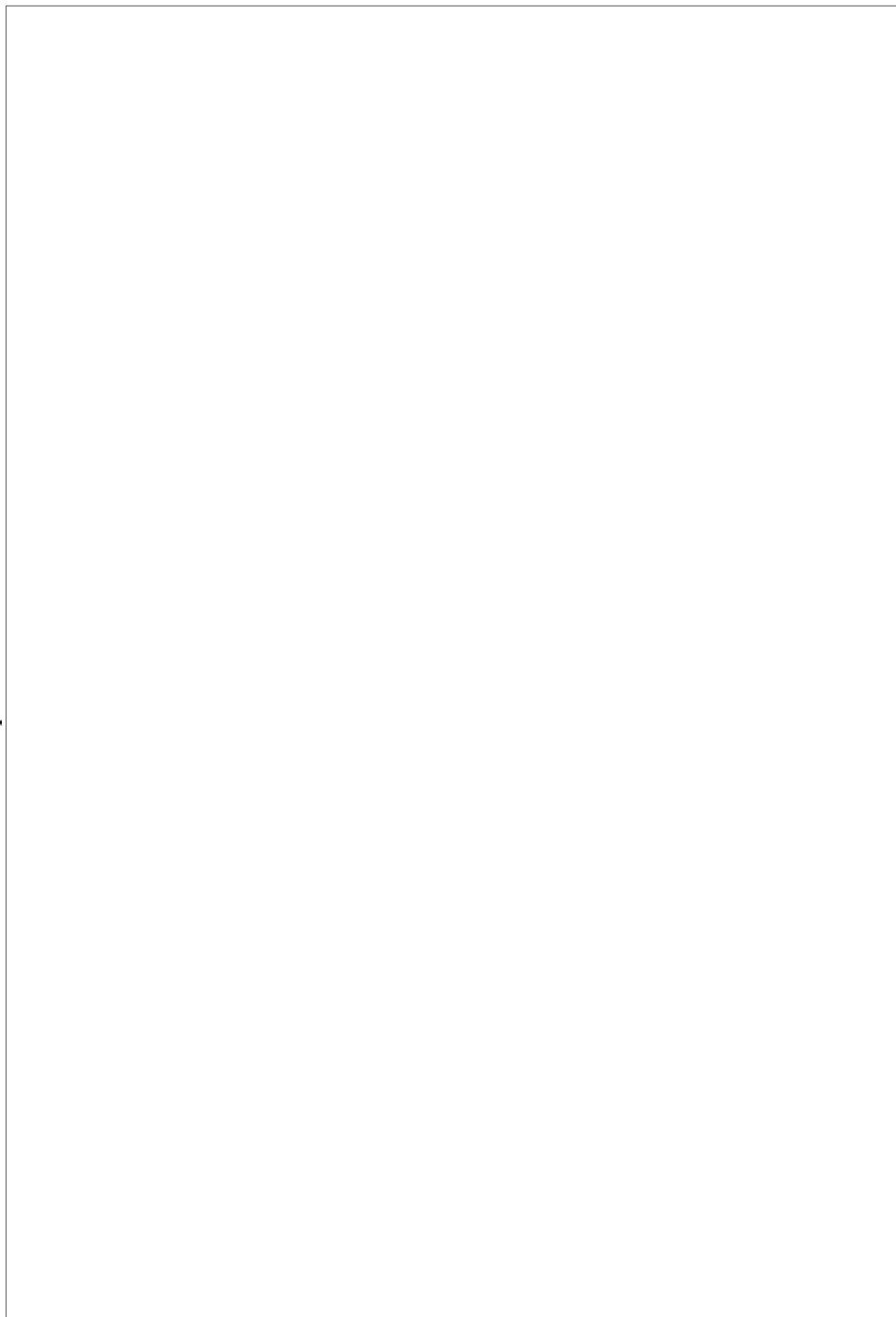
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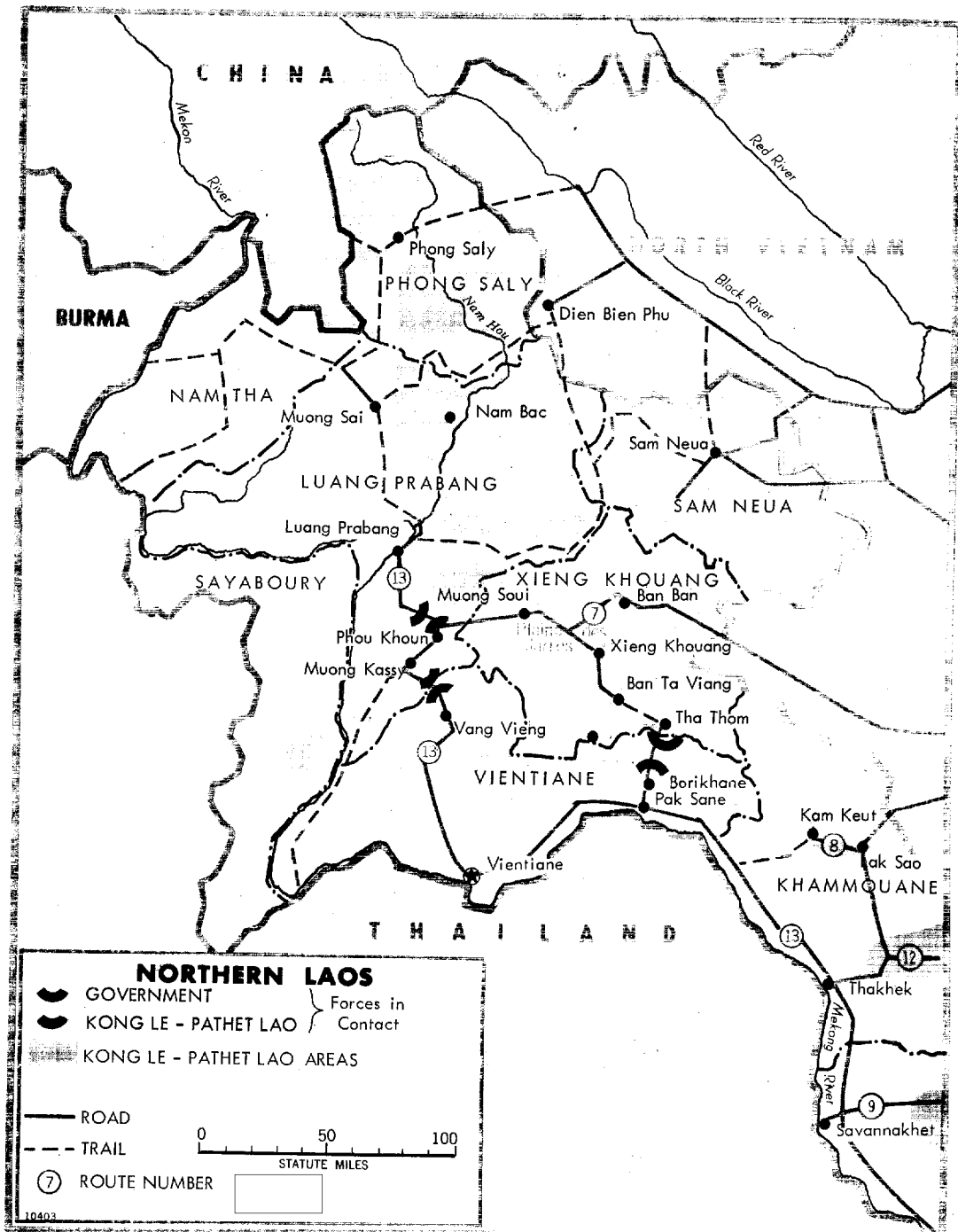
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CENTRAL INTELLIGENCE BULLETIN

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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

Serial

Laos: The Soviet reply on 1 April to the British proposals on Laos was designed to give the impression of making concessions to Western views, but it evaded the question of a de facto cease-fire, which the US and Britain have termed a prerequisite for the reactivation of the ICC and an international conference. [Aside from accepting the British proposal for a joint appeal by the Geneva co-chairmen for a cease-fire, the Soviet note did not advance the USSR's position in any essential respect beyond that stated in its aide memoire of 18 February to the UK proposing the immediate convening of the ICC and an international conference.] The Soviet proposal that the "interested parties of Laos" should open cease-fire talks provides further evidence that the bloc will seek to avoid any commitments on a formal cessation of hostilities prior to a conference. This evasive position on the timing and mechanisms of a cease-fire seems intended to leave the way open for further military pressures by the Kong Le - Pathet Lao forces aimed at reinforcing the bloc's bargaining position.

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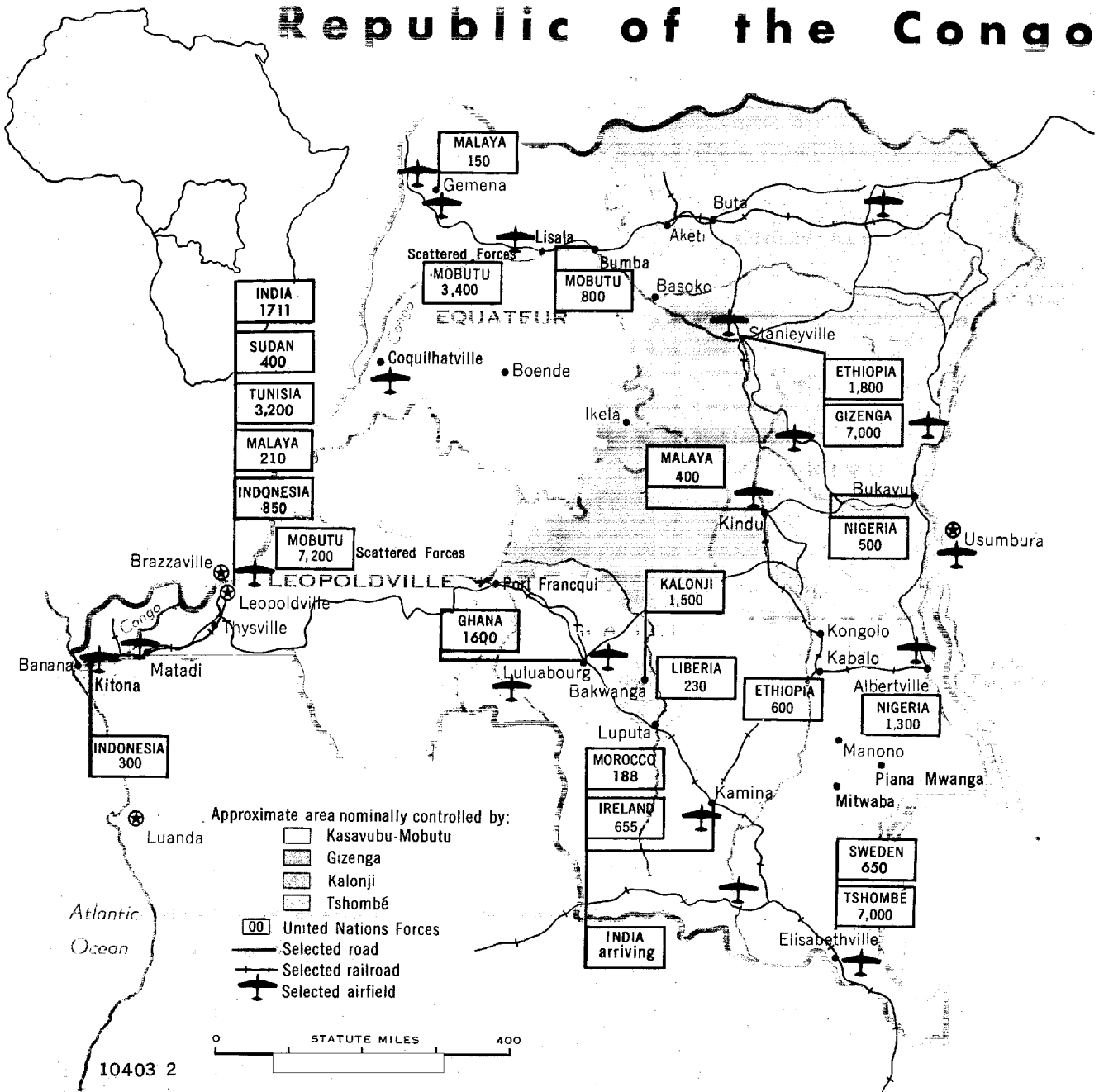
The warning issued by Chinese Communist Foreign Minister Chen Yi in Djakarta on 2 April that Peiping is prepared to respond to any intervention by SEATO forces in Laos by introducing Chinese troops, if requested by Souvanna Phouma, apparently was timed to generate further pressure on non-Communist governments to accept the bloc's terms for negotiations as conveyed in the Soviet note.

[Government forces, apparently under no effective control, are continuing their withdrawal southward from Tha Thom. These troops, with others in the area, have been ordered to set up defensive positions in the vicinity of Borikhane, about 12 miles north of Pak Sane. These are also tentative indications of Kong Le - Pathet Lao plans for increased activity in the Luang Prabang area.] [Redacted] (Backup, Page 1) (Map)

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Republic of the Congo



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Congo: [Congoese military leaders of both the Leopoldville and Stanleyville regimes met in the border area of Orientale and Equateur provinces near Bumba on 30 March to hold preliminary discussions concerning the Tananarive proposals for creating a loose confederation of Congoese states. At this meeting--probably planned by General Mobutu--it was decided that senior officers representing the two factions would meet separately in Leopoldville and Stanleyville on 6 April to arrive at a "general consensus," and that a joint meeting would be held at Lisala in Equateur Province on 10 April. Mobutu apparently hopes to attract support for a strong central government from among Gizenga's military leaders. While Gizenga has also opposed the Tananarive proposals, his military leaders are reportedly meeting with Mobutu's representatives without Gizenga's approval and have told Mobutu's representatives that they are dissatisfied with the civilian leadership in Stanleyville.]

Katanga's President Tshombé has denounced the airlifting of 800 Indian troops from Leopoldville to Kamina as a deliberate attempt by certain elements in the UN to prevent the formation of a confederation of states in the Congo. A UN official indicated that these troops would seek to interpose themselves between Tshombé's troops, which took Manono on 30 March, and Baluba tribesmen in northern Katanga who remain loyal to the Stanleyville regime. (Backup, Page 7) (Map)

USSR: (A test vehicle, probably an ICBM, was launched at 1406 GMT (0906 EST) on 2 April from the Tyura Tam Missile Test Range to the usual impact area on Kamchatka. No facilities associated with previous space launchings participated in this shot. However, the continued deployment of the Sibir ships as they were for the Sputnik X launching (25 March) and the activity of Soviet aircraft a significant space program event is forthcoming in the near future. The total of generally successful test ICBM shots to date is 32.)

Communist China - Indonesia: Chinese Communist Foreign Minister Chen Yi's visit to Indonesia, which ended on 2

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April, outwardly restored the cordial Sino-Indonesian relations which existed before the outbreak in 1959 of the dispute over the Overseas Chinese. Friendship and cultural agreements were signed during the visit, and Chen expressed Peiping's readiness to resume its economic aid program, suspended in the summer of 1959. The difficulties between the two countries over the treatment of Chinese living in Indonesia were eased last December when Peiping agreed to a treaty under which it renounced its previous claim that Chinese living in Indonesia were still Chinese citizens. Under the treaty, local Chinese were required to choose within two years either Indonesian or Chinese citizenship. [redacted] (Backup, Page 8)

France-Algeria: The announcement on 1 April by the rebel provisional Algerian government (PAG) that it is still ready to negotiate with the French, provided formal talks are held only with its representatives, is an attempt to force further concessions from Paris. The French are claiming that negotiations will merely be postponed briefly. A top assistant to French Minister for Algeria Joxe on 1 April labeled the PAG's declarations a maneuver to get France to take a position on the PAG's claim to be the exclusive representatives of Algeria, and predicted that the rebels might try to draw the French into further secret preliminary talks. [redacted]

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Portugal: On 28-29 March Minister of Defense Botelho Moniz, in a second approach to Premier Salazar this month, stressed again the urgency of reforms both in Portugal and in Portuguese policies in Africa--reforms which the military believe are essential. [redacted]

[redacted] Salazar listened attentively and courteously but was noncommittal. [redacted]

[redacted] (Backup, Page 10)

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~~SECRET~~ Laos

The primary objective of the Soviet note probably was to provide minimum satisfaction to US and British views sufficient to get negotiations under way and to forestall any increase in Western military assistance to Vientiane without undertaking any commitments which would reduce the bloc's bargaining strength and freedom of maneuver. Moscow's agreement to a joint appeal by the Geneva co-chairmen for a cease-fire does not concede any basic points on the crucial issue of the timing of a cease-fire. This unyielding stand suggests that the bloc leaders are confident they can gain eventual Western agreement to negotiations under conditions favorable for advancing bloc objectives in Laos without sacrificing any of the advantages which derive from the military initiative and successes of the Kong Le - Pathet Lao forces.

In line with the bloc's official pronouncements and propaganda over the past two months, the Soviet note placed primary emphasis on Britain's agreement to a 14-nation conference. Moscow claimed credit for having pressed this approach since last December and sought to reap further advantage by proposing that the conference be convened early in April in Phnom Penh.

Although Moscow professed to agree with Britain's call for the "earliest termination of hostilities," the Soviet reply was deliberately evasive in dealing with the mechanism proposed by the UK for arranging a cease-fire. The note ignored the fundamental US-UK position that reactivation of the ICC and an international conference are conditional on the achievement of a de facto cease-fire. It implicitly rejected the Western position that a conference cannot be held until the effectiveness of a cease-fire is verified by both the Geneva co-chairmen and the ICC.

Moscow's reply failed to spell out the authority and functions of the proposed ICC meeting in New Delhi. It said only that the commission should call a meeting as soon as possible and present its report to the co-chairmen. Moscow

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stipulated only that the renewal of ICC activity should in no way impede the convocation of a conference. This formula suggests that the bloc would seek to restrict the ICC to a fruitless debate, at least during the period before an international conference. This attitude would be consistent with the bloc's long-standing position that the changes in the Laotian situation since the 1954 Geneva conference make necessary the drafting of "fresh instructions" for the ICC and that only an international conference would have the authority to work out such directives. {Moscow's concept of the role the ICC should perform prior to a conference was set forth [REDACTED] [REDACTED] the commission meeting in New Delhi would discuss how to resume its activities, consider what further powers it would require to take effective action, and report to the co-chairmen.}

Moscow's position that cease-fire talks should be left to the "interested parties of Laos" provides further evidence that the USSR is unwilling to agree to any approach which would indicate Soviet responsibility for or control of the Kong Le - Pathet Lao forces. The Soviet note reaffirmed the USSR's recognition of Souvanna Phouma as the only "legal government" of Laos, but it agreed with the British proposal for negotiations "among the different political tendencies in Laos on measures for strengthening national unity of the country." Moscow also agreed that if the opposing factions fail to reach agreement before a conference opens, the conference itself should render help to the Laotians in reaching an agreement. The stated objective of such consultations is the formation of a "neutral government of national unity"--a further indication that the bloc will insist on substantial Pathet Lao representation in a broadened government.

Chen Yi's statement in Djakarta, in addition to warning of possible Chinese intervention in Laos, sought to sharpen the sense of urgency over the crisis by pointing out that "China was compelled to participate in the Korean war after US forces went to our border." While in Burma last week en route to

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Indonesia, Chen carefully evaded a question on SEATO intervention which would have afforded a similar opportunity for making a specific threat of Chinese counteraction.

Peiping is also seeking to exploit the presence of Chinese Nationalist irregulars in the Laos area to arouse concern over the possibility of Chinese intervention. Chen Yi used his Djakarta press conference to cite the alleged threat posed by these troops, and Peiping has increased its propaganda attention to this issue over the past few days. It has warned that the alleged move by the irregulars to join Laotian Government forces near Vientiane is an "extremely serious development" and has claimed for the first time that the irregulars have conducted raids into China from Laos.

An article in Peiping's People's Daily on 1 April, issued before the Soviet reply to the British proposals but undoubtedly with foreknowledge of its contents, took a much harsher line toward the US, but its substantive comments were not inconsistent with the Soviet note. The article avoided direct reference to a cease-fire or reactivation of the ICC but repeated Peiping's standard position that an enlarged Geneva conference is the only way to reach a settlement.

[In his recent talks with British officials in London, Souvanna Phouma stated that as soon as a cease-fire is called for, he would request his followers to support it. He expected conformity from the Pathet Lao, as well as Kong Le forces--which he regards as still separate. Souvanna professed concern that a gap between a cease-fire and the re-establishment of the ICC, and an even longer delay before the convening of an international conference, might enable General Phoumi to improve his position.]

[Outlining his idea of an interim Laotian government, Souvanna stated that it would be drawn from his "supporters with Kong Le," plus former members of his cabinet now serving with Premier Boun Oum and two or three members from both the left.]

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[and the right. British officials felt Souvanna seemed to appreciate the desirability of limiting leftists to lesser posts. They found him overconfident on the outcome of early elections in Laos and attempted to convince him that elections should be delayed at least a year to consolidate his own position. The British told the American Embassy that they were impressed by Souvanna's attitude and that, despite the risks in dealing with him, they believe he is the only Laotian offering any promise of bringing about a political settlement and of leading a neutral Laos.]

[Souvanna, now in Paris, plans to leave there on 12 April and to visit Belgrade, Warsaw, Moscow, and Peiping before returning to Phnom Penh.]

In Laos, King Savang and Phoumi returned to Luang Prabang from Vientiane on 2 April without waiting for details of the Soviet reply. Before leaving, Phoumi told Ambassador Brown that a cabinet meeting on 1 April had authorized him to appeal for SEATO intervention if the Soviet reply to the British note proved unfavorable. Although Phoumi assured Ambassador Brown he would not act without prior consultation, similar assurances of consultation by Laotian officials were ignored when Laos appealed for UN assistance in September 1959.

On 31 March, the day Kong Le - Pathet Lao forces captured Tha Thom, [redacted] ordered them to push the attack on the town, [redacted] troops there were demoralized by heavy Pathet Lao harassment, that one battalion had already withdrawn, and that the remaining troops were weak. [The withdrawal of government troops was [redacted] "mass hysteria" resulting from heavy firing from overlooking heights.]

Since the fall of Tha Thom, there have been indications that Meo guerrillas to the north--now in a more isolated position--

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have come under increasing enemy pressure. The Meos' effective harassment of Pathet Lao troops in recent weeks has made them a prime target.

[redacted] the time was ripe for concentrated psychological tactics, as the Laotian Army appears considerably demoralized. Operational headquarters were instructed to send persons into the villages and spread reports of impending attacks by Kong Le - Pathet Lao troops. These reports, headquarters contended, will be passed to Laotian Army intelligence units in the villages, resulting in disruption of government activity and possibly abandonment of the area. This technique has been used with considerable success in the past, and the current instructions for an intensified effort provide further indication of the enemy's intent to expand its territorial hold prior to any negotiated settlement.

[redacted] Laotian government officials in Luang Prabang are increasingly concerned over the prospect of an attack there.

[redacted] Kong Le - Pathet Lao troops as of late March were attempting to flank government forces north of the Phou Khoun junction and move toward the royal capital; additional troops were said to be heading toward Luang Prabang from the Nam Bac area. Although these reports are unconfirmed, the disquieting effect on Luang Prabang army headquarters [redacted]

[redacted] "the present situation is critical. The enemy is spread everywhere. . . ." Several recent Soviet transport flights to Nam Bac and the scheduling on 2 April of seven IL-14s to the Phong Saly area are further possible indications of a developing threat to Luang Prabang. The flights to Phong Saly would be the first substantial airlift mission to this area.

[redacted] Vientiane is claiming that several battalions of North Vietnamese troops are involved in the Kam Keut - Lak Sao area [redacted]

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[redacted] There is, however, no firm information on the scope of enemy activities in central Laos. [redacted]

Hanoi has dismissed as an "impudent lie" Vientiane's charge that North Vietnamese troops took part in the fighting at Tha Thom. It claims that Vientiane made the accusation to cover up intervention in Laos by the US and its allies.

[redacted] {A Soviet IL-18 and one AN-12 arrived at Haiphong on 31 March. The IL-18 has returned to the USSR. A second AN-12 was scheduled to arrive at Haiphong on 2 April. [redacted]} [redacted]

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~~CONFIDENTIAL~~Situation in the Congo

The UN Command, which recently reinforced several garrisons in northern Katanga, hopes to arrange a cease-fire between the contending forces there. Clashes are reported to have occurred recently between the Katanga gendarmerie and Baluba tribesmen near Kabalo, about 100 miles north of Manono. A UN official stated that UN troops will attempt to prevent further advances by either side, but will use force only as a last resort.

Tshombé is particularly incensed over UN intervention in Katanga at this time; the presence of additional UN troops, besides posing a threat to future operations by his forces, might also adversely affect the already questionable loyalty of some of the tribal chiefs in the area. Concerned that some of these chiefs might be planning to withdraw from the Katanga "state" and form separate provinces, Tshombé is said to be planning a visit to the troubled areas in an attempt to dissuade them from taking this action.

[Mobutu apparently feels that if the Lisala meeting is successful, he will be able to cope with any opposition to his plan. He is said to believe that if he moves troops into northern Katanga, he could pressure Tshombé--his principal opponent--into accepting a federal form of government. Mobutu reportedly is convinced that the UN Command would welcome his aid in "bringing Tshombé to heel" and that Tshombé's "Belgian mercenaries" would not oppose a unified army. In addition to the pressure Mobutu could exert on the Leopoldville politicians with a unified army, he believes he can also count on the support of Foreign Minister Bomboko and Interior Minister Adoula, who are known to share his opposition to a Congo confederacy.]

[Mobutu is less optimistic regarding a military arrangement with the Stanleyville faction. Although willing to compromise with General Lundula, Mobutu distrusts Gizenga, whom he considers "more dangerous than Lumumba." Nevertheless, he believes a unified army can be realized by removing Gizenga from power.]

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Sino-Indonesian Relations Outwardly Improved by Chen Yi's Visit

Peiping, which purports to be the protector of all Overseas Chinese, made strong representations on their behalf after Djakarta in 1959 ordered the closing of all stores owned by aliens (mostly Chinese) in rural areas. Chinese Communist Embassy personnel defied Indonesian restrictions by traveling through the countryside inciting local Chinese to resist Indonesian attempts to remove them.

Although it felt constrained to intervene in favor of the Overseas Chinese, Communist China was probably disturbed over the adverse effect its intransigent attitude toward Indonesia had on its carefully developed pose as a good neighbor. Peiping called off its propaganda attacks against Djakarta last August, and relations have been gradually improving since then.

Chinese economic assistance to Indonesia totaled \$48,000,000 before relations became strained by the Overseas Chinese issue. A \$30,000,000 Chinese credit offered just before the outbreak of the dispute was never accepted by Indonesia. The planned visit of an Indonesian industrial mission to China later this month will provide an opportunity to discuss economic aid.

The Indonesian press was generally cordial to Chen Yi during his week's stay--apparently at the instigation of President Sukarno, who has been attempting to play down all other sources of international friction in order to focus attention on Indonesia's claim to Netherlands New Guinea. Nevertheless, Chinese-Indonesian relations are unlikely to be significantly affected. Foreign Minister Subandrio, still smarting from the treatment he received in Peiping in 1959, deliberately refrained from any welcoming remarks on Chen Yi's arrival at the Djakarta airport. The government restricted Chen's travels in

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Indonesia, and the length of his visit in the country was cut by two days.

Although the treaty of friendship declared that the two countries would "settle the issues in dispute through deliberations in the spirit of real friendship and good will through diplomatic channels and by other peaceful means," relations might again become embittered if Djakarta renews its attempts to remove Chinese from rural areas.



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Portuguese Defense Minister Urges Premier Salazar to Re-shuffle Cabinet

{In addition to Moniz' two oral approaches to Salazar, a letter drafted by Moniz and endorsed on 25 March by 17 key generals--including the heads of the security police and the Republican Guard--has been sent to the premier. [REDACTED]

[REDACTED] Moniz' letter pointed out Portugal's rapidly worsening position at home and abroad and emphasized that nothing was being done to halt this condition except an unproductive propaganda campaign against the UN and against those nations which disagree with Portuguese policy.}

{Moniz stressed that Portugal faced the possibility of revolt in all its African provinces and Timor, as well as Indian "aggression" against Goa, and said the military felt they could not cope with a situation of such magnitude. After asserting that sweeping internal changes would be necessary to pave the way for essential constructive changes in foreign policy, the letter called on Salazar to revamp the cabinet completely and not just replace present ministers with "burned out" former ministers.}

{The letter reportedly was sent to Salazar without any ultimatum that he follow its recommendations or step down. If Salazar fails to act, however, the military would feel obliged to consider further action. Army Chief of Staff Camara Pina was the only participant in the 25 March meeting who failed to give his endorsement. It is said to have been under discussion by the military for some time, and was also approved by the former President, Marshal Craveiro Lopes.}

{Another approach to Salazar was made early in March by General Belezza Ferraz, chief of staff of the armed forces, who is close to Moniz. Ferraz reportedly broached the idea that the premier had better step aside if he could not quickly}

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{find solutions to Portugal's pressing African problems. The chief of staff is said to have lost his nerve and withdrew the suggestion when Salazar said he was willing to resign.}

[redacted] the cabinet "remodeling" expected during the week of 20 March had been postponed because of the departure of the overseas minister for Angola on 23 March and the scheduled visit of French Foreign Minister Couve de Murville to Lisbon early in April. [redacted]

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The Director of the Budget

The Director, Office of Civil and Defense Mobilization

The Director, National Aeronautics and Space Administration

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The Department of State

The Secretary of State

The Under Secretary of State

The Director, International Cooperation Administration

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

The Department of Defense

The Secretary of Defense

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The Director for Intelligence, The Joint Staff

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