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1 April 1961

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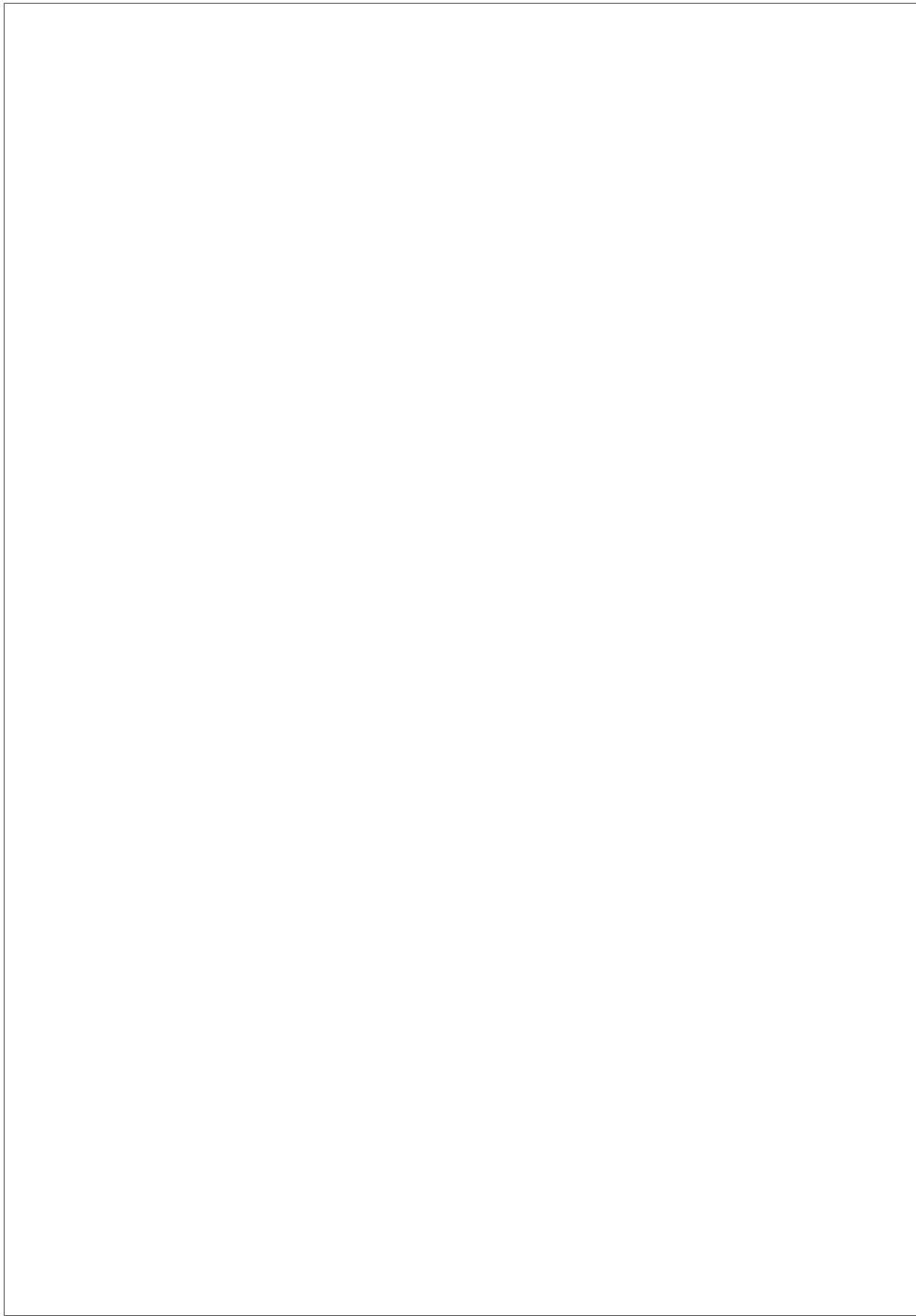
CENTRAL INTELLIGENCE BULLETIN



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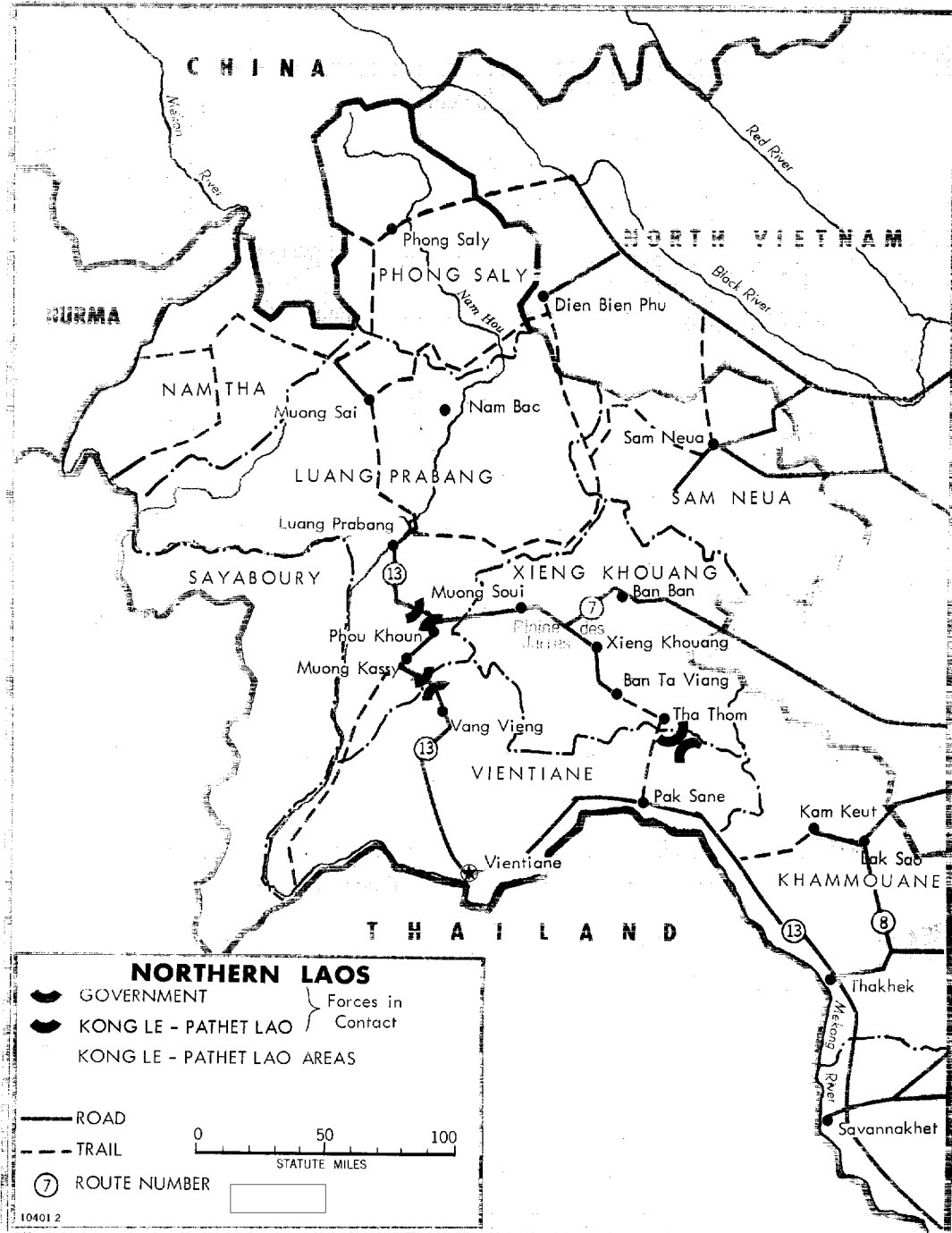
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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

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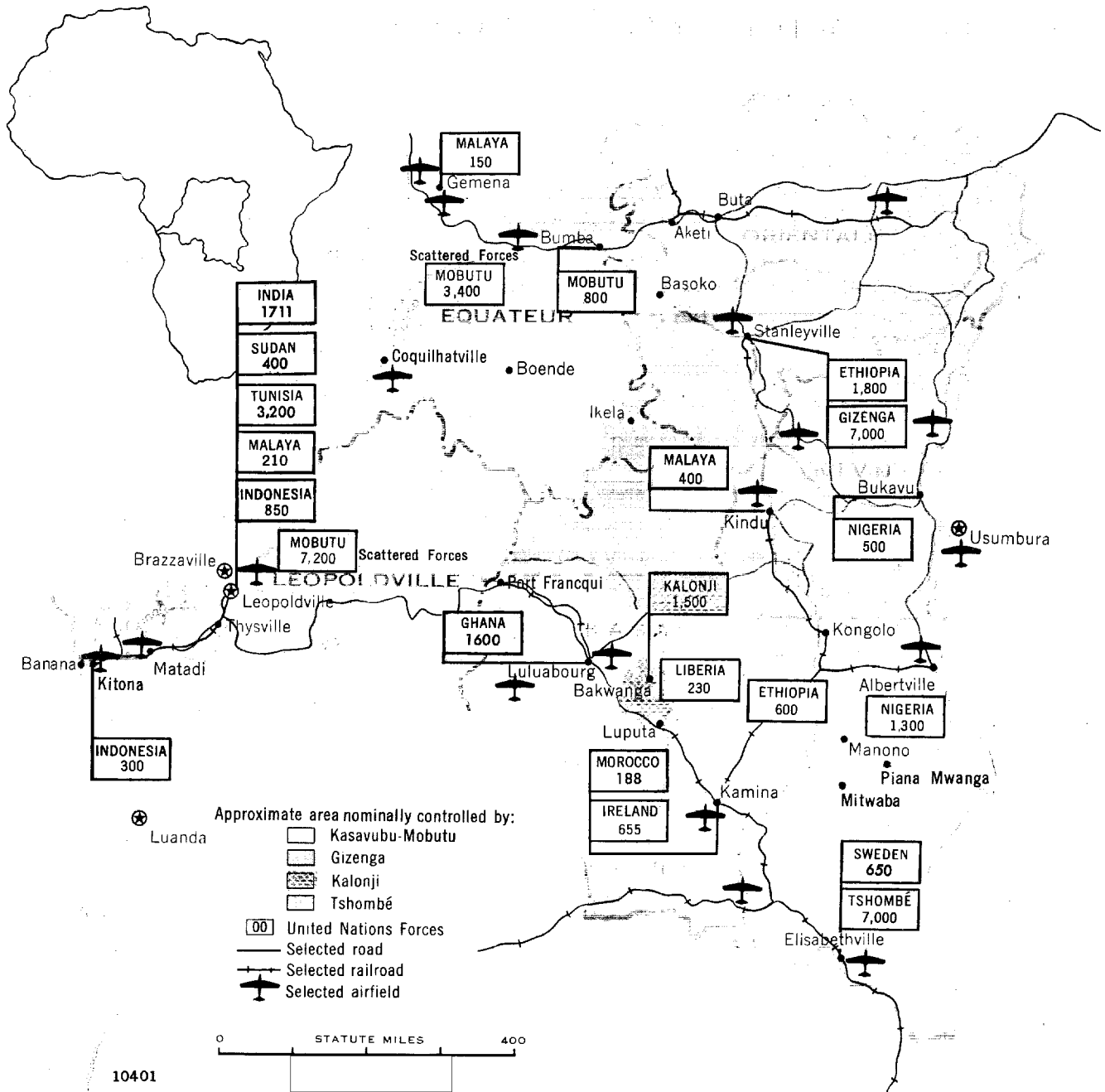
Laos: The capture by Kong Le - Pathet Lao forces on 31 March of Tha Thom, the government's main base on the southern approach to the Plaine des Jarres, indicates that the enemy forces intend to improve further their military position in Laos prior to any cease-fire.

[redacted] the well-executed attack followed an intensive artillery barrage directed by well-placed spotters. This action also opens the way for a possible drive southward against Pak Sane. The loss of Tha Thom will have a strong psychological impact on the Boun Oum government, particularly on General Phoumi, who is already alarmed over the reported Communist threat to Thakhek. *A Pathet Lao advance to either Pak Sane or Thakhek would cut off southern Laos.

no

(Backup, Page 1) (Map)

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Communist China: In contrast to Peiping's current propa-
 ganda attacks on the United States, Communist China's Foreign
 Minister Chen Yi told the Swedish ambassador on 21 March that
 an improvement in Sino-US relations "must come" and that there
 is "no risk of war" between the two countries over Taiwan. De-
 spite his conciliatory tone, Chen avoided any suggestion that the
 Chinese were disposed to make any concession at this time to
 the United States. He implied rather that the next move was up
 to Washington, asserting that the United States had not yet re-
 ciprocated concessions already made by Peiping, such as the
 release of American prisoners after Hammarskjold's visit to
 China in 1955. (Backup, Page 4)

no

Congo: Despite the apparent ease with which Tshombé's
 forces took Manono, the Baluba tribesmen in northern Katanga
 are likely to remain restive.

Katanga apparently continues to receive military supplies
 from Belgium.

no

shipments are coming by air via the UN trust territory of
 Ruanda-Urundi and by ship probably through the Angolan port
 of Lobito. future
 shipments are scheduled as far ahead as next August.

(Map)

France-Algeria: The rebel Algerian provisional govern-
 ment's (PAG) 31 March announcement that it will cancel the
 scheduled negotiations with the French follows by one day the
 coordinated official announcements in Tunis and Paris that
 talks would begin on 7 April at Evian. The PAG position is
 apparently a reaction to French Minister for Algeria Joxe's
 confirmation that France has begun talks with other Algerian
 groups, despite recent rebel warnings that such action would
 jeopardize negotiations. (Backup, Page 5)

OK
initials
PS 2 + 5
of backup

Nationalist China: Chinese Nationalist irregulars num-
 bering 3,852, including some dependents, have been evacuated
 from the Burma-Thailand-Laos border area since 17 March.

OK - in
backup
delivered
sent of TP 2
and lost 2
ii sent of
TP 3

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[The operation is slowing and will soon end, since Taipei has evacuated the major part of the irregulars responsive to Nationalist control, presumably including the 1,000-man Taiwan-trained special force sent to the area in 1960. Most of the approximately 3,000 to 4,000 irregulars remaining in the area have never been responsive to Taipei, and few will choose to go to Taiwan without greater pressure from Thai and Lao authorities.] [redacted] (Backup, Page 7)

USSR: A new large jet aircraft, probably a bomber, was recently seen outside the Fili bomber production plant in Moscow. This aircraft, which was not complete, had delta wings and a supersonic configuration. The fragmentary information on this aircraft available to date suggests that it may be a further development of an aircraft designated Bounder, with improved performance characteristics. The Bounder, a jet bomber, was seen at this same plant in August 1958 but was not put into series production. These recent observations make it clear that the USSR is continuing research and development in heavy bomber aircraft. Additional information is expected shortly which will permit a more detailed analysis.

[redacted]

Africa: The anti-Western resolutions issued on 30 March by the Third All-African People's Conference in Cairo were even more extreme than the declarations of the previous meetings in 1958 and 1960. Delegations to the conference, which met from 25 to 30 March, were nongovernmental and consisted of 50 groups representing political parties and trade unions from 34 African states and territories. One resolution attacked American "Peace Corps" plans as designed to "reconquer and economically dominate Africa." The conference also called for the resignation of Secretary General Hammarskjold and the reorganization of the UN Secretariat. Although the conference does not represent the views of most responsible African officials, the resolutions reflect the opinions of a sizable and increasingly vocal body of Africans.

[redacted]

Common Market - Greece: [The treaty of association between the Common Market and Greece which was signed in]

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[redacted] Brussels on 30 March may serve as a pattern for such agreements with other countries. Still subject to ratification by the Common Market's council of ministers, the agreement provides material benefits to Greece by way of extensive developmental aid and potential new export outlets. Preliminary talks on Turkish association with the Common Market are expected to resume on 10 April. Tunisia, Israel, and some of the newly independent countries in Africa have also expressed interest in association with the Common Market. } [redacted]

[redacted] (Backup, Page 8)

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~~TOP SECRET~~ []Laos

[Prior to news of the Tha Thom reverse, the Laotian Government apparently had been on the verge of appealing for help from SEATO on the basis of reports of a Communist thrust developing in the Kam Keut area to cut Laos in half. King Savang, []

[] said he had advised the government against taking such a "premature" step. Savang expressed the view that any appeal to SEATO should await the Soviet reply to the British, but his appeal to Brown to advise General Phoumi to go slowly in this matter indicates that the King does not have full command of the situation. Savang, emphasizing the importance of preventing the enemy from using a cease-fire to improve its military position, said any cease-fire should involve withdrawal of North Vietnamese troops.]

[The presence of the substantial enemy forces which are reported converging on Thakhek has not yet been substantiated, but all efforts to confirm or deny Laotian field reports are seriously handicapped by the fact that aerial reconnaissance is frequently ineffective in this heavily wooded area and by the lack of Western observers on the ground. []

[] support Laotian claims of North Vietnamese assistance in the recent fighting in the Kam Keut area. []

[] on 10 March over 30 trucks transported provisions and ammunition from Vinh, North Vietnam, to Khammouane Province via Route 8. President Diem of South Vietnam has also received unconfirmed reports that North Vietnamese units are moving into Laos in the direction of Thakhek.]

Phoumi apparently remains convinced that the situation in southern Laos is serious. He feels he does not have sufficient forces to stop a major attack in this region, and says he is preparing for the necessity of evacuating Thakhek and Savannakhet. In a review of the security situation with Ambassador Brown on 30 March, Phoumi seemed greatly depressed and said he was

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distressed by the fact that American officials continually discount enemy strength in Laos. [REDACTED]

[REDACTED] new developments in bloc assistance to the Pathet Lao during the past few days.

Both Hanoi and the Pathet Lao have expressed opposition to Western formulations that would freeze the present military lines in Laos. On 31 March the Pathet Lao termed a "deceitful trick" the idea of having a cease-fire precede a conference. On the same day, Hanoi charged the US with an attempt to "gain time" to bolster Vientiane forces and "prevent the expansion of patriotic forces."

(In a conversation on 29 March with Ambassador Stevenson, Soviet Foreign Minister Gromyko repeated the generally moderate line he had taken in his previous discussion with President Kennedy. Gromyko urged "patience" from both sides and voiced his hope that neither the US nor the Soviet Union would take measures to aggravate the situation in Laos.)

[REDACTED] (Deputy Foreign Minister Winiewicz of Poland recently told Ambassador Stevenson that while he was certain the Soviet Union wanted a detente with the West, the position of the Chinese Communists was causing acute difficulties. Winiewicz attributed the delay in Moscow's acceptance of a cease-fire in Laos to difficulty in obtaining Chinese approval and argued)

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[that Khrushchev needs successes to demonstrate the effectiveness of his peaceful coexistence line to the Chinese. These remarks probably were calculated to underscore Soviet moderation and restraint in the Laotian crisis and to provide a justification for the USSR's apparent unwillingness to agree to a formal ceasefire in Laos prior to an international conference. Similar statements regarding Sino-Soviet divergence on policy in Laos were circulated by Soviet spokesmen in mid-January. With a view to discouraging the US from carrying out any action which might have expanded the conflict, bloc spokesmen at that time also warned privately that Peiping would send troops into Laos if US forces were introduced.]

A commentary published in the Peiping People's Daily today charges that the US has "still not abandoned its policies of war and aggression in Laos," and reiterates the line that "convocation of an enlarged Geneva conference" is the "only way" to a peaceful solution. The article calls for an end to "brinkmanship policy" and for the evacuation of "all troops and arms of the United States and its vassal countries, as well as the Kuomintang remnant bandits."

Charging Vientiane and US "connivance," Communist China has also for this first time accused Chinese Nationalist irregular troops of raiding into China from Laos. A Chinese Communist domestic broadcast on 31 March claimed that the irregulars crossed into Yunnan Province on 14 March and fired on residents before being driven off. The broadcast did not threaten retaliatory action, stating only that this act "has aroused the anger of the people and alerted their vigilance." [redacted]

[redacted]

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~~SECRET~~Peiping Underlines Basis for Better Relations With US

[The initiative for the conversation with the Swedish ambassador came from Chen Yi, who said that he was disappointed by a recent editorial in a leading Swedish newspaper which criticized the Chinese Communist attitude at the last Sino-US meeting in Warsaw. Concerned that the editorial might reflect official views in Stockholm, Peiping probably felt that a high-level exposition of its position was desirable to discourage any shift in Sweden's attitude of studied neutrality toward Sino-US relations.]

[In his remarks, Foreign Minister Chen Yi stressed the friendship of the Chinese and American people and said that the Peiping regime was prepared to "show patience" until there is a change in the US position. Peiping probably does not expect an early improvement in Sino-US relations and Chen himself last November suggested that it might well take a decade.]

[Chen deplored what he described as the failure of the Kennedy administration to show an "attitude of understanding" toward Peiping, citing the fact that it had not "softened" the US stand on Taiwan or Chinese representation in the UN. Current Chinese propaganda attacks the new American administration as "more aggressive" than the previous one and says it is busily preparing for both general and local wars.]

[The Chinese Communists make it clear that they regard the withdrawal of US support from Chiang Kai-shek as one of the very first steps to any improvement in Sino-US relations. They appear to reason that the American position in the Far East is weakening and that there is no necessity for concessions on their part. Peiping may, in fact, be stiffening its terms for an improvement in Sino-American relations. Chen was recently quoted as insisting that the US withdraw from Taiwan before Peiping takes a UN seat. The Chinese had previously insisted only on the prior withdrawal of Chiang Kai-shek's representatives.]

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~~SECRET~~French-Algerian Negotiations Canceled

This week's announcement of French plans to consult with "other tendencies" before and during the negotiations with the PAG probably was an attempt by Paris to define the limits of De Gaulle's concession on his original demand for a round-table conference. Substantive issues have until now been glossed over, and the rebels may have overestimated the degree of French acceptance of their proposals.

[Joxe's top assistant, Bruno de Leusse, said [] on 30 March--prior to the new rebel move--that he believed the PAG's first effort at Evian would be to attempt to gain recognition as a government, but that France had no intention of making such a concession. In contrast to his personal view, however, he said that the French Government was convinced that as early as September 1959--following De Gaulle's offer of self-determination--the PAG had decided to liquidate itself as a government following negotiations in order to participate as a political party in elections after self-determination.]

[The PAG leaders have been deeply suspicious of French good faith since the failure of talks at Melun last June. They have long insisted that they were the sole spokesmen for the Algerian people, and undoubtedly felt that their prestige would suffer if after Joxe's statement they went to Evian without clear assurance that Paris would engage in substantive negotiations only with them. They may also feel that their desire to be regarded during negotiations not merely as representatives of a rebel force but as the acknowledged leaders of Algeria, capable of making binding decisions concerning the country's future, would have been jeopardized by the present conditions. Moreover, the bomb killing early on 31 March of the mayor of Evian, presumably by French rightists, may have caused the PAG leaders to doubt that the French Government is in a position to assure their safety on French territory.]

The PAG was probably particularly angered by Joxe's implication that the French intend to consult with Messali Hadj and other leaders of the Algerian National Movement

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(MNA), and the French may have miscalculated the depth of the PAG resentment. The MNA, established by Messali two years after the rebellion began, has been active mainly in the Algerian colony in France, where it has fomented an exchange of assassinations with Algerians loyal to the PAG. Within Algeria, however, its influence has been minimal, and virtually all Algerians who have actually fought against the French owe allegiance to the PAG.

There is also the possibility, however, that "hard" elements among the rebel leadership may have seized this opportunity to break off negotiations, hoping thereby to stifle any tendency among the moderates to compromise with France on substantive issues.

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~~TOP SECRET~~ [REDACTED]Evacuation of Chinese Nationalist Irregulars

{The Chinese Nationalists are planning to send Lt. Gen. Lai Ming-tang, vice chief of the General Staff, to Thailand early in April to make a final appeal to the irregulars to go to Taiwan. Lai believes that if the momentum of the evacuation is allowed to fall off, many of the irregulars attached to the area or under slack discipline will evade evacuation. He said that there were several hundred irregulars in scattered groups still in Burma, and they would not leave unless driven out by Burmese armed forces.}

{There are 1,500 to 2,000 men under the command of Yunnan General Tuan who recently withdrew from Burma into Thailand, [REDACTED] they have been relatively independent of Chinese Nationalist control and thus far have refused evacuation. Many have married and settled in Burma, but also have villages in Thailand where they go to escape Burmese Army efforts to clean up the area. Great pressure is almost certain to be required to evacuate a significant number of these. [REDACTED] General Dawee, the Thai representative on the evacuation mission, believes that over 1,500 Chinese in Laos have also refused evacuation.}

{Thai cooperation with the nationalists so far appears effective. Prospects have developed for Burmese-Thai military cooperation in removing the irregulars who have refused evacuation. [REDACTED] General Dawee will accompany General Lai to the villages and if necessary use force to disarm Tuan's group. General Dawee asked the Burmese to reinforce the border area to keep the irregulars from withdrawing into Burma.}

{This large group of irregulars remaining in the area will tend to obscure the benefits of the successful evacuation and recall to the Burmese the incomplete previous evacuation in 1953 and 1954. However, with the special forces removed, it appears unlikely that the remnants will be capable of more than banditry unless in the future Taipei resumes efforts to resupply, build up, or control the irregulars.}

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[REDACTED]

Common Market and Greece Sign Association Agreement

[Greece's association with the European Common Market (EEC) has been the subject of laborious and frequently acrimonious negotiations since June 1959. Much of the difficulty has derived from Athens' demands for developmental aid and a privileged position for Greek exports, and from Italian concern over potential Greek competition in agricultural products. There has also been some political opposition among the six EEC countries--notably in the Netherlands and West Germany --to the principle of associations with individual countries.]

[These difficulties are fully reflected in the resulting agreement, which is said to run to more than 100 articles and which provides in general for an eventual Greek-EEC customs union. Greek industrial exports will benefit from the tariff reductions in the Common Market, and special provision has been made for increased EEC purchases of tobacco, the major Greek export item. Certain Greek industries will receive extended tariff protection from EEC competition, and over the next five years Greece will receive \$125,000,000 in long-term developmental loans. The major disadvantage to Greece appears to be Italy's successful insistence on "safeguards" against imports of Greek citrus fruit by the other five EEC countries.]

[While Athens has accordingly looked on the association agreement primarily in terms of its economic benefits, its importance to the EEC is principally political. Negotiations with other potential associates in the Mediterranean area-- notably Turkey, Tunisia, and possibly Israel--have been in abeyance pending conclusion of the Greek agreement. Probably even more important, the agreement comes at a time when the EEC is increasingly preoccupied with its future associative ties with Africa, since the convention which linked the African territories of the EEC colonial powers with the Common Market expires in 1962. Many of these now-independent territories seem interested in continuing their EEC ties but will almost certainly insist on formal association agreements such as that concluded with Greece.]

[The Greek agreement may also strengthen the Common Market in its continuing rivalry with the European Free Trade]

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Association (EFTA or Outer Seven). EEC officials have long insisted that bilateral association with the Common Market is a real alternative to the EEC-EFTA merger sought by the Seven, and can now point to Greece as an instance of its feasibility. This example could conceivably become especially attractive to such EFTA countries as Austria which are increasingly restive over the lack of an EFTA agreement with the EEC.

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