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CURRENT INTELLIGENCE DIGEST

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SECRET**SOUTHEAST ASIA**

Developments in Laos
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GENERAL

1. World Reaction to Change of US Administration

World reaction to the assassination of President Kennedy and its aftermath is increasingly preoccupied with speculation over the possible effects on US foreign and domestic policies.

Oswald's Communist background, however, and his dramatic murder while in police custody are being exploited for almost every conceivable propaganda line. The USSR continues to reflect sensitivity over Oswald's political motivations; Khrushchev, talking with Ambassador Kohler on 23 November, recalled that Lenin had condemned "nihilist" activities and asserted the Soviet Communist Party is traditionally opposed to terrorism.

Pravda, citing a denial by the US Communist Party that Oswald had ever been a member, suggested he was linked to "American Trotskyites," but concluded that the Kennedy assassination was the work of "fascist forces" trying to destroy the detente atmosphere.

Papers in West Germany, Belgium, and Lebanon, among others, theorize Oswald was killed by associates to silence him. A Cairo newspaper calls his killer "one Jack Rubenstein, a Jew of course." The US Embassy in Beirut has received many telegrams speculating that

Oswald's killing is evidence of a Communist plot against the US. The embassy notes with dismay the probable foreign impact of dramatic news photos showing the escorting officer apparently looking away while Oswald is shot.

An Afrikaans paper in Johannesburg editorialized that while US racial difficulties might not be "directly concerned with the assassination," they had become a vehicle for the undermining of the state by the Communists and Afro-Asians.

A Cairo editorial expresses concern that President Johnson, while committed to the policies of his predecessor, may have to compromise and postpone decisions in order to avoid antagonisms as the US enters an election year. Syrian Vice President Bitar commented to Ambassador Knight on 25 November that the Arab cause might suffer from the loss of President Kennedy, "who had shown signs of increasingly better understanding of the Arabs and their problems."

West German and French press commentaries range from expectations of initial uncertainty or temporizing in US foreign policy to the gloomy view of Der Spiegel that it is "doomed to immobility" for the next year. Some segments of the British press had suggested

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that an opportunity existed for development of a strong British leadership in the Western alliance, but London officials, noting that the UK also faces 1964 elections, are not inclined to expect any radical departures.

Genevieve Tabouis, writing in Paris Jour, expects no major decisions from the present meeting between President

Johnson and General de Gaulle, but notes that De Gaulle will probably urge that France-American problems be settled in the course of 1964, while Johnson will urge a "Western summit conference."

The Peruvian Chamber of Deputies on 24 November unanimously adopted a motion urging the award of the Nobel Peace Prize to President Kennedy.
(SECRET NO FOREIGN DISSEM)

Amn; CIA/FBIS 24 and 25 Nov 63; Ent Beirut 485, 25 Nov 63 (Urel 5/5); Ent Damascus 387, 25 Nov 63 (Am); Ent Tripoli 104, 25 Nov 63 (Caf 4/5); Ent Moscow (Cable date and number not cited but copy)

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2. Hanoi Apparently Renewing Campaign for "Neutralization" of South Vietnam

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Hanoi appears to be renewing its campaign to generate international support for the "neutralization" of South Vietnam.

In pressing its neutralization proposal, Hanoi probably hopes to take advantage of Cambodian Premier Sihanouk's recent reiteration of his scheme for an international guarantee of neutrality for Cambodia, Laos, and South Vietnam. The North Vietnamese reportedly have urged Premier Souvanna Phouma of Laos to press for adoption of their neutrality proposition.

For the first time in nearly a year, moreover, the Hanoi-con-

trolled National Front for the Liberation of South Vietnam has publicly restated its support of the three-country neutrality plan. North Vietnam is also drawing support from Moscow and Peiping, whose propaganda has recently become less reticent on the subject of South Vietnamese neutrality.

North Vietnam's premier reportedly told a French official recently that his country sees indications of growing weariness and dissatisfaction in the US with the war in South Vietnam. He implied that Hanoi intended to keep up military and political pressure in the South in order to help induce American withdrawal. (SECRET NO FOREIGN DISSEM)

*See: State Paris 2506, 22 Nov 63 (Ref)
 Vietnam 23 Nov 63; FBIS Hanoi 17 Nov 63 (OOO);
 USMACV Saigon 3139034, 24 Nov 63 (Ref)*

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3. French Aid to Cambodia *NBR*

France is considering extending additional economic and military aid to Cambodia.

Despite the general irritation in French Government circles over Sihanouk's recent actions, the prince's direct appeal for French aid has posed a dilemma for Paris. A flat rejection could adversely affect France's position in Africa and the Middle East, as well as in Southeast Asia. On the other hand, Paris is probably reluctant to take over the recently canceled US financial commitments in Cambodia.

The French are presently reviewing what seems to be a renewal of a long-standing

Cambodian request for more military equipment, mostly obsolescent. They are also thinking of offering Phnom Penh \$5 million in economic and cultural aid, plus either larger loans or greater export credits.

Perhaps related to their plans to assist Cambodia is the strong possibility that French Defense Minister Messmer will be sent to Cambodia in January.

Since 1956, French grant aid has amounted to \$15 million. Negotiations for an additional \$2 million have been deadlocked for the past 18 months by disagreements over exchange rates. (SECRET NO FOREIGN DISSEM)

*Enc: Paris 2531, 23 Nov 63 (Copy)
Paris 2520, 23 Nov 63 (Rout)*

*1/BR***SECRET**

SECRET**EASTERN EUROPE****4. Rumania's Industrial Development**

Rumanian party first secretary Gheorghiu-Dej has just completed another tour of industrial construction sites throughout Rumania--his sixth such trip in the last two months. The extensive Rumanian press coverage of the trip is designed to show both Rumania's rapid economic growth and its broadening trade contacts with the West.

The Rumanian public has been officially informed for the first time of the extent of West European participation in the construction of industrial installations in Rumania. It is also the first time that detailed information has been given to the public regarding industrial installations. Press coverage divulges statistics on production capacities of the various installations as well as on the items they produce. Information on the planning and construction of the factories also is unusually detailed.

On 13 November the party visited Slatina, the site of an aluminum plant whose construction is just beginning. According to the Rumanian press, the plant ultimately will have an annual production capacity of 50,000 tons of aluminum and alloys and will be completed in the next 18 months with help of a French firm. Other sources

indicate, however, that the French firm is assisting in construction of the first stage of the plant, which will have a 30,000-ton capacity. Equipment is being provided by several West European countries, the press reported.

The Craiova chemical combine will include 14 factories having a capacity of about 300,000 tons of ammonium nitrate fertilizer and 100,000 tons of urea, according to the press which also reported that the ammonia, nitric acid, and ammonium nitrate factories--planned and equipped by the USSR-- are over two thirds completed. Belgium, Holland, and West Germany are supplying equipment for portions of the combine.

From various sources it is known that during 1960-61 Western firms added several catalytic refining installations to the Brazi oil refinery, built in 1934. The Rumanian press now reports that the Rumanians recently completed construction of a crude oil distillation unit with a three-million-ton capacity. This unit will boost the plant's capacity from 1.5 million tons to 4.5 million tons per year. Brazi is one of the three major refineries in which Rumania plans to concentrate its refining capacity. The press

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also indicated that additional facilities to be built at Brazi will include a number of petrochemical installations: an ethylene-propylene plant probably purchased from Italy, a polyethylene plastics plant from the UK, and, an ethylene oxide and ethylene glycol unit from Italy. Brazi, along with another combine at Borzesti, will be the main centers for chemical production based on petroleum.

Dej also visited numerous other industrial installations which have received both Western

and Soviet equipment and assistance. In reporting the progress of construction at these plants, however, the Rumanians gave more attention to the Western assistance than to the Soviet contributions.

The belated open recognition of the Western role in Rumania's economic development undoubtedly reflects Rumania's desire to expand further its trade ties with the West. Rumanian officials have constantly reiterated Bucharest's interest in purchasing modern technical machinery and equipment. (SECRET)

*Notes: Too late Bucharest # 371, 16 Nov 63
 NO CIA/RR 5 [] 14, 18, 19 Nov 63
 Sent CIA/RR EM 63-22 Jul 63
 Conf CSAT 3/713903, 18 Nov 63*

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SECRET**COMMUNIST ASIA****5. Peiping Approaches Cambodian Crisis Carefully**

The Chinese Communists are showing considerable caution in their reactions to Prince Sihanouk's apparently unsolicited outbursts concerning his intentions to turn to them for aid, although they are attempting to appear responsive to his position. In a 21 November government statement, the Chinese carefully avoided any real commitment to Cambodia and were studiously vague about the extent to which they intend to support Sihanouk.

The Chinese hesitated for over two weeks before issuing their statement and they issued it then because of the pressure of a situation over which they have no control. The statement avoids the question of economic or technical aid. It does offer "all-out support" for Cambodia in the event of an invasion by the US,

South Vietnam, or Thailand. Even this high-sounding promise, however, is carefully hedged with a preliminary reference to the 1954 Geneva agreements, suggesting that "all-out support" would be restricted to propaganda calls for joint action under the International Control Commission and would not include unilateral Chinese Communist military aid.

While Peiping probably could supplant US aid to Cambodia, its enthusiasm is apparently considerably dampened by Sihanouk's unpredictability. The Chinese are well aware that previous expressions of similar desires by Sihanouk were used as pressure tactics to enhance Cambodia's position. Although in the present crisis Sihanouk appears more serious than in earlier ones, the Chinese are unwilling to leap in before they are certain of the outcome.
(CONFIDENTIAL)

See: CAS/ASIA Cambodia 21 Nov 63

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SOUTHEAST ASIA

6. Viet Cong Activity in South Vietnam

The accelerated tempo of Viet Cong activity in the post-coup period continues.

While the 149 Viet Cong attacks recorded during the week ending 18 November are a drop from the previous week's record high of 233, the number is still about 50 percent above normal for this year. Most of the attacks continue to be on a small scale. They are targeted primarily against strategic hamlets and outposts, with government paramilitary forces bearing the brunt. On 24 November, however, a reportedly large Communist force overran

a post northwest of Saigon where special forces were training under US auspices.

The Saigon government apparently is proceeding with a purge of military officers holding high military, intelligence, and provincial posts under Diem. On 22 November it announced the suspension of 31 officers. Some of these are under arrest. The purges may be partly in response to the demands of student and Buddhist groups seeking revenge against prominent figures who sided with Diem during the Buddhist crisis. (SECRET)

*Source: US ARMA CX-432, 22 Nov 63 (Conf)
CIA/FBI's 37 and 41, 22 Nov 63 (OOB)*

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SECRETNOTESCommunist China - Australia:

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Communist China has contracted for 1.1 million tons of grain from Australia worth about \$66 million--China's first major grain purchase for 1964 delivery. The Australian announcement stated that terms of the sale were similar to previous Sino-Australian grain deals. China's 1963 grain crop will at most be no better than last year's mediocre crop and thus China would have to import more than the 5.5 million tons of grain it bought last year from the West, if it is to have available as much grain per person. (CONFIDENTIAL NO FOREIGN DISSEM)

See: FBPS Melbourne 22 Nov 63 (u)

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USSR: Cosmos 22, launched from the Tyuratam rangehead on 16 November, was recovered on 22 November during orbit 95. Cosmos 22 is the eleventh Soviet unmanned satellite to be recovered. All recoverable satellites have been launched from the Tyuratam rangehead, and de-orbited after three to ten days in flight. (SECRET)

See: CINCPACRAD 221502 Nov 63 (u)

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Japan: The 21 November general election brought no significant shift in the balance between the ruling Liberal Democratic Party (LDP) and the opposition leftist parties. The small Democratic Socialist Party's unexpected capture of six seats more than it picked up in the last election suggests that it has increased its potential as a moderating force on the left. LDP's slight loss will make Premier Ikeda vulnerable to attacks on the quality of his leadership from rival party factions. (CONFIDENTIAL)

See: FBPS 11 Tokyo STD 23 Nov 63

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Algeria: A group of Algerian army officers reportedly

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are plotting a coup against President Ben Bella, according to a usually reliable clandestine source. The source claims that Colonel Boumedienne, minister of national defense and second most influential man in Algeria, not only supports but is leading the plotters who, like the colonel, represent military elements which did not fight inside Algeria during the revolution against France. While there has been no public clash between Boumedienne and Ben Bella, there has been a growing number of reports that a falling-out between the two men may be imminent, and Ben Bella has made several military appointments of late without consulting Boumedienne. (SECRET NO FOREIGN DISSEM)

See: Algier 24/19452, 23-24 Nov 63 (L)

Yemen: For the second time this month an Egyptian aircraft apparently has attacked Saudi territory near the Yemeni border. A small village was bombed and strafed on 21 November, and the Saudis have formally complained to the UN Observation Mission and to the US Embassy. The Egyptian attacks will probably increase Crown Prince Faysal's determination to procure a mercenary air force to defend Saudi Arabia after 4 January, when the latest extension of the UN Mission's mandate expires. (SECRET)

See: Jidda 549, 24 Nov 63 (Conf)

Cuba: Fidel Castro's two-hour speech of 23 November on President Kennedy's assassination reflects apprehension that US policy toward Cuba may become even tougher than in the past. He pointed out that President Kennedy's alleged promise not to invade Cuba has been strongly attacked by "reactionaries" and stated that the President's death could lead from a bad situation to a worse one. (CONFIDENTIAL)

See: FBPS Havana 24 Nov (OOD)

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SECRET**SOUTHEAST ASIA****7. Developments in Laos**

A well-coordinated clearing action launched north of Vientiane on 21 November by neutralist, Lao Army, and Meo guerrilla elements has met with considerable success. Government forces have secured Vang Vieng, long held by the Pathet Lao.

Although an earlier push by a similar combination of government forces in the Plaine des Jarres area did not attain comparable successes, the Pathet Lao position at Xieng Khouang

town remains surrounded and threatened.

Overt Communist reaction to these developments has been limited, thus far, to propaganda blasts at the "perfidy" of the neutralists in the current tenuous series of negotiations.

There are, however, unconfirmed reports of North Vietnamese troop reinforcements in the Plaine des Jarres area. (SECRET NO FOREIGN DISSEM)

Source: CIA Vientiane TBCS-356 5601, ref-507, 30 Nov (Caj NFD)

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