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11 March 1961

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CENTRAL

INTELLIGENCE

BULLETIN



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State Dept. review completed

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Congo: In a 9 March discussion on the Congo with an American official, Hammarskjold expressed the belief that further outbreaks in the Lower Congo were unlikely for the time being. Relations between the UN and local authorities, however, remain uneasy. He indicated that he had not yet found a replacement for Dayal and said that Makki Abbas of Sudan, the interim appointee for the job, was "not the best man in the world but would be all right." Hammarskjold is also hopeful that several additional countries will contribute contingents to the UN force. Another UN official has said that the Somali and Malagasy republics might contribute a battalion each within a month.

The Tananarive conference, by conceding the existence of several de facto centers of power in the Congo, has strengthened Katanga's claim to autonomy and has enhanced Tshombé's position as the leading figure in the anti-Gizenga bloc.

(Backup, Page 1)

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*Laos: In his remarks to Ambassador Thompson on Laos, Khrushchev took a generally positive line, pointing out that the US and the USSR agree that the objective should be neutrality for Laos, that this represents a step forward, and that bilateral conversations should be continued. He said that neither the US nor the USSR stands to gain anything from a continuation of the fighting and that this would only damage relations between the two countries. He warned, however, that any prolonged delay in reaching a solution would complicate the problem and could cause the fighting to flare up. He also

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[said any Western move toward "aggravating the military conflict" would lead to the defeat of the Boun Oum government. Khrushchev offered no new proposals for arranging a settlement and confined himself to reaffirming Soviet support of Souvanna Phouma as the lawful government and for Prince Sihanouk's proposal for a 14-nation conference. Khrushchev said he would welcome a neutral Laos on the Austrian model, pursuing a policy like Cambodia's and Burma's.] 25X1

In Laos, military pressure by Kong Le - Pathet Lao forces west of the Plaine des Jarres continues to increase. Muong Kassy, an important point on the Vientiane - Luang Prabang highway, is reported to have been occupied by the enemy on 10 March. This report follows the withdrawal earlier this week of government troops from the strategic Phou Khoun road junction north of Muong Kassy. The Kong Le - Pathet Lao forces evidently are continuing to press this initial advantage, but information available as of 0500 EST today is insufficient to tell whether they have embarked on a major effort against government forces in the area. 25X1

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*USSR: Ambassador Thompson feels that Khrushchev's remarks on a nuclear test ban during their private conversation on 9 March indicate that the USSR has less interest than formerly in a treaty and may intend to use the question of French adherence as an excuse for failure to reach agreement. After stressing that the main question was complete and general disarmament and not a test ban, Khrushchev stated that the USSR was willing to sign a treaty but questioned whether France would adhere. In reply to the ambassador's question on Communist China's adherence, Khrushchev pointed out that France was conducting tests whereas China was not. He added, however, that the Chinese may "achieve progress" in this field and that it would be necessary for both France and Communist China to sign an agreement. No

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Khrushchev's attempt to play down the urgency of a test ban agreement contrasts with his recent public pronouncements on this issue. Khrushchev may feel his freedom of action in

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[negotiations will be sharply limited by Peiping's determination to achieve a nuclear weapons capability.]

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USSR: Moscow is continuing its efforts to acquire large oil tankers to transport rising Soviet petroleum exports. Since the USSR embarked on its tanker procurement program in the latter half of 1960, more than 20 tankers have been ordered from the Netherlands, Japan, Italy, West Germany, and Yugoslavia. Delivery of these tankers will raise the tonnage of the Soviet tanker fleet from about 990,000 in mid-1960 to at least 1,580,000 tons. [] (Backup, Page 5) *OK*

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East Germany:

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No

[] The USSR apparently does not consider that making the East German economy independent of West Germany is urgent enough at this time to warrant the shifts in bloc economic planning which would be necessary, and probably desires to effect only a gradual shift in East Germany's trade pattern. The initiation of such a gradual shift is reflected in the 1961 trade protocol signed by the two countries on 23 February. This agreement provides for a]



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[13-percent increase in the level of trade over 1960, including greater Soviet deliveries of chemicals and engineering products--commodities for which East Germany now depends in part on West Germany.]

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Ethiopia: There may be disorders in Addis Ababa at the conclusion of the trial of General Mengistu, the former commander of the Imperial Body Guard, who is expected to be executed for treason. Mengistu, who played a prominent role in last December's abortive coup, is gaining acceptance among elements of the populace of Addis Ababa as a revolutionary hero and as a symbol of the need for reform in Ethiopia.

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Situation in the Congo

According to a UN military official in New York, the 1,000-man Moroccan contingent in Katanga seems to have embarked on a systematic program of harassment and non-cooperation with the UN Command. Their morale is said to be completely broken, and they allegedly have "laid down their arms." [Hammarskjold had hoped to send the group to Matadi in a show of force, but the troops reportedly stated that they would obey directives only from Rabat. Rabat has ordered this group--the only remaining part of a force which originally totaled 3,200--to withdraw from the Congo, but it has been delayed by transportation difficulties]

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The Tananarive conference apparently has agreed that the existing central authority should be scrapped, along with the present provincial structure. In their place a group of new states, based largely on tribal lines, would be created, with an ill-defined "community of united nations" arrangement for a central authority, presumably in Leopoldville, which would become a "neutral city." The participants apparently are agreed that any solution reached at the conference will be an interim one and that any definitive reform must wait until the country is pacified. The absence--and presumably the nonconcurrence--of Gizenga will make implementation of these proposals difficult and will probably lead to opposition to them among his international supporters.

Tshombé seems to have been successful in his efforts to reach agreement on replacing the present structure with a loose confederacy. Except for Albert Kalonji of southern Kasai--who is largely dependent on Tshombé's patronage--the other participants have an interest in retaining some type of central authority--Kasavubu and Ileo by virtue of their positions in the present central government, and Leopoldville Provincial President Kamitatu because of his long association with Lumumba's ideals of a unitary state. However, local ties still have considerable importance for most of them, and none seems to be willing to face up to strong pressure.

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from Tshombé. As a result, the conference has been able to issue a vague communiqué recognizing states now existing "by right or in fact."

The only well-defined point on which the participants agree seems to be opposition to the UN. For the most part they are trying to limit their discussions to general principles, leaving contentious details to be worked out in a larger conference tentatively scheduled for the end of March in Elisabethville. Such a conference, which might be attended by as many as 400 leaders of varying political stature, would be likely to become involved in extensive wrangling.

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Khrushchev Minimizes Urgency of Nuclear Test Ban Agreement

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[Khrushchev began his remarks on the nuclear test ban issue by stating that there had been no tests for over two years and that "we were not living badly." He claimed that the USSR had a sufficient stockpile of weapons and that even if tests were stopped, weapons production would not be. He repeated that if the US accepted the Soviet plan for complete and general disarmament, the USSR would accept full control. Khrushchev also told the ambassador that he had read Ambassador McCloy's recent speech on disarmament and felt that he had been talking instead about armament.]

[Khrushchev's generally negative approach probably reflects the conflicting pressures which the USSR faces as the talks resume in Geneva on 21 March. As a result of the role which disarmament, a nuclear test ban, and Chinese desires to achieve a nuclear weapons capability played in the Sino-Soviet dispute, Khrushchev must weigh the advantages the USSR could derive from further prolonged negotiations and a possible agreement against the obvious risk that this course will impel the Peiping regime to discard the precarious truce produced by the Moscow Communist meeting. The Chinese almost certainly will view the USSR's behavior at Geneva as the first major test since the Moscow conference of Khrushchev's intentions regarding the whole range of Soviet policy toward the US and its allies. The Soviet premier, on the other hand, is well aware that the Western powers will be applying a similar test and that developments in the Geneva talks will have a strong bearing on the West's attitude toward high-level negotiations on major East-West questions, such as Berlin and Germany.]

[Although the precise course of Soviet policy at Geneva will depend in part on Moscow's assessment of Western intentions after the initial phase of probing of positions, Soviet spokesmen have indicated to Western sources that Moscow still considers the Chinese Communist factor more of an incentive than an obstacle to an agreement.]

[It is likely that Khrushchev's ultimate decisions on this question will be determined by two higher priority considerations:]

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[1] his over-all evaluation of the effects of the USSR's present posture of relative moderation and restraint toward the US and its Western allies in obtaining a summit conference on favorable terms, and 2) Chinese Communist reaction and Moscow's judgment of the effects of this reaction on the USSR's position in the Communist world.

[Redacted]

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USSR Buys More Non-bloc Tankers

The USSR has recently contracted with Japan for the construction of two 35 000-dead-weight-ton (DWT) tankers, in addition to the four it ordered last December. Two Japanese-built tankers bought by the USSR last fall are already being used for Soviet deliveries to Cuba.

During recent trade negotiations with Italy, the USSR arranged for the purchase of as many as 11 tankers. At least one, and possibly three, 48,000-DWT tankers will be delivered this year. Six to eight 35,000-DWT tankers are to be built for the USSR during 1962-1965.

Negotiations for tankers from West Germany have also been conducted by Moscow but have not yet resulted in firm commitments. The new Soviet - West German trade agreement lists tankers in a clause calling for Germany to supply some \$37,000,000 worth of ships to the USSR during 1961-1963. Moscow, in addition, is seeking to buy one 32,000-ton tanker from Spain.

The Netherlands, which delivered one large tanker to the USSR in 1960, apparently has agreed to supply several others. Earlier this month Yugoslavia turned over a newly constructed 25,000-ton tanker to the USSR and may have agreed to supply one more.

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Soviet - East German Trade Relations

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[Trade between East Germany and the USSR is planned to reach a level of over \$2 billion this year. Soviet deliveries of many commodities, including ferrous and nonferrous metals, are scheduled to increase in line with the provisions of the long-term agreement, while deliveries of chemicals and engineering products are to be higher than the amounts stipulated by the agreement. The total increase in trade is not sufficient to enable East Germany to reduce significantly its reliance on West Germany as a source of many necessary materials. West Germany now accounts for about 11 percent of East Germany's total trade and is second only to the USSR as East Germany's most important trading partner.]

[East Germany will probably seek alternate sources for traditionally West German imports in other Western countries as well as in the satellites. Trade with the industrial countries of the West, however, would be limited by East Germany's inability to provide goods of sufficient quality and quantity to pay for them.]

[In at least one key industry--chemicals--]

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earlier estimates concerning the reduction of dependence on West German deliveries were overly optimistic and must be revised. [it may take as long as three years to become independent of West German chemical deliveries and five years to achieve independence from other Western countries. Other areas of the East German economy--machine building and metallurgy--are probably even more sensitive to any interruption of Western imports. While East Germany has affirmed its great interest in continuing interzonal trade, Deputy Premier Heinrich Rau hinted at a press conference at the Leipzig Fair that the regime intends to change the character of such trade. "It may be that we may no longer need the same goods," he said, "but we shall need other goods instead; goods for which we can overnight switch over to other suppliers!"]

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US - West German Relations

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[Adenauer's press conference statement on 10 March that he fears further damage to West Germany's reputation from the impending trial of Adolf Eichmann in Israel. In reply to a reporter's question, Adenauer also stated it was "quite possible" that Bonn might arrive at a kind of nonaggression pact with Poland but indicated that negotiations were dormant for the time being.]

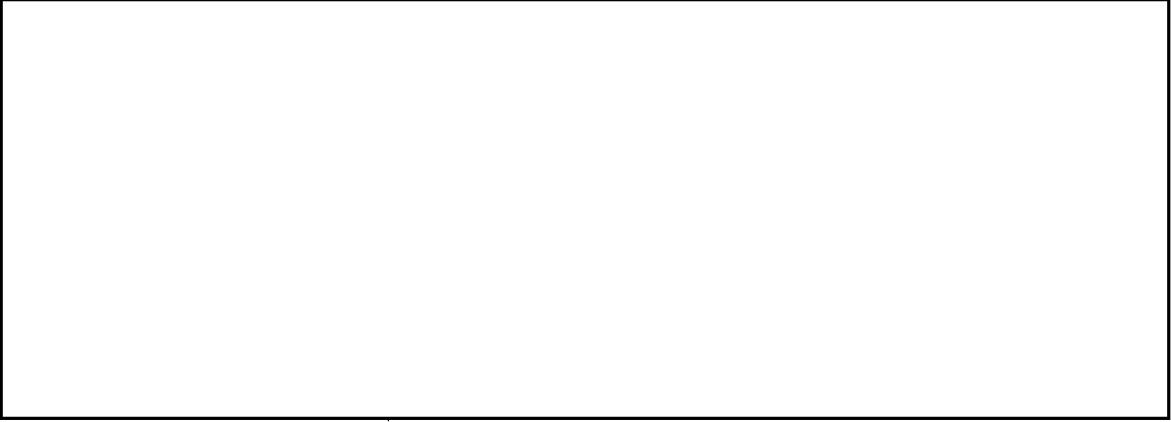
[Adenauer has recently made cautious overtures to Warsaw in anticipation of a more flexible US policy toward Poland. He favors improving relations by undertaking a number of conciliatory moves such as extending economic aid and increasing trade, but he opposes diplomatic relations because the Poles continue to insist that Bonn first accept the Oder-Neisse line--something Bonn refuses to do chiefly because of domestic political considerations.]

[Adenauer's strong desire for continued close ties with the US was clearly indicated by his press conference statement that he did not believe the administration's review of policy toward Germany would lead to any basic changes, since the alliance is based on "political and geographic facts which remain the same."]

[Nevertheless, Adenauer's underlying fear of a possible decision by the United States to reduce its European commitments, including the withdrawal of US military forces in Europe,]

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is a factor in prompting him to consider drawing closer to France in some kind of continental grouping.]

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Ethiopian Dissidence Growing

The Emperor has not carried out reforms for which there has been considerable pressure and his recent government appointments represent essentially a reshuffling of the conservative old guard. Such inaction is increasing the widespread discontent among the young educated class, whose minimum demands include the establishment of a constitutional monarchy.

Antiregime leaflets, which have been distributed in Addis Ababa by dissident elements since last December, are becoming more menacing in tone; some recently have threatened that the Emperor would be assassinated if Menghistu were executed. Efforts by the security forces to determine the origin of the leaflets are believed unsuccessful to date, although large numbers of students and other suspects have been arrested. Subversive slogans are appearing on public buildings, and rumors are being spread that clandestine radiobroadcasts are calling for uprisings and attacks on the homes of prominent government officials.

Officials in Ethiopia's Interior Ministry believe the outcome of the trial against Menghistu and other rebels is a foregone conclusion and that they will be convicted and publicly executed. The government, however, does not expect public disturbances, despite the indications of growing unrest.

The deteriorating political situation in the capital appears to be spreading to eastern Ethiopia, [redacted] 25X1
[redacted] large numbers of former Imperial Body Guards--absolved of blame for the recent coup but reassigned to units in the remote Ogaden region--deserted their new posts with full equipment in late February. The whereabouts of an additional 850 guardsmen who were scheduled to arrive in the area some time ago is also unknown.

[redacted] 25X1
[redacted] a group of middle-level army officers, dissatisfied over low pay scales and conditions in general, is joining the malcontents who favor the objectives of the

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rebels. There is no firm evidence, however, that there is yet a strong leader capable of attracting sufficient support among the dissidents to pose a serious threat to the regime.

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