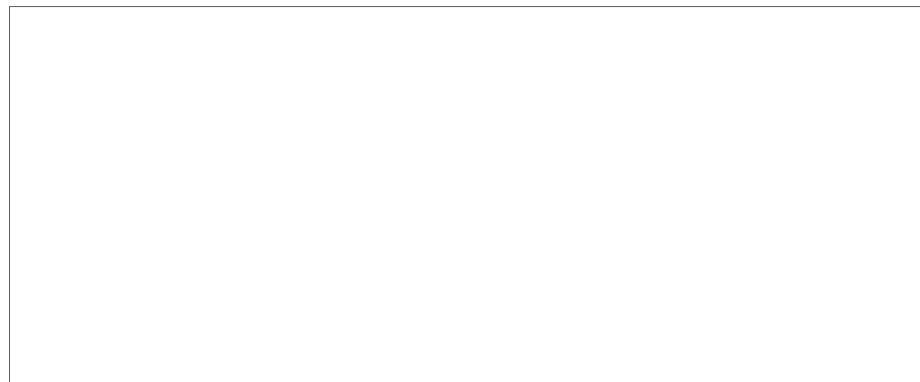


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CENTRAL

INTELLIGENCE

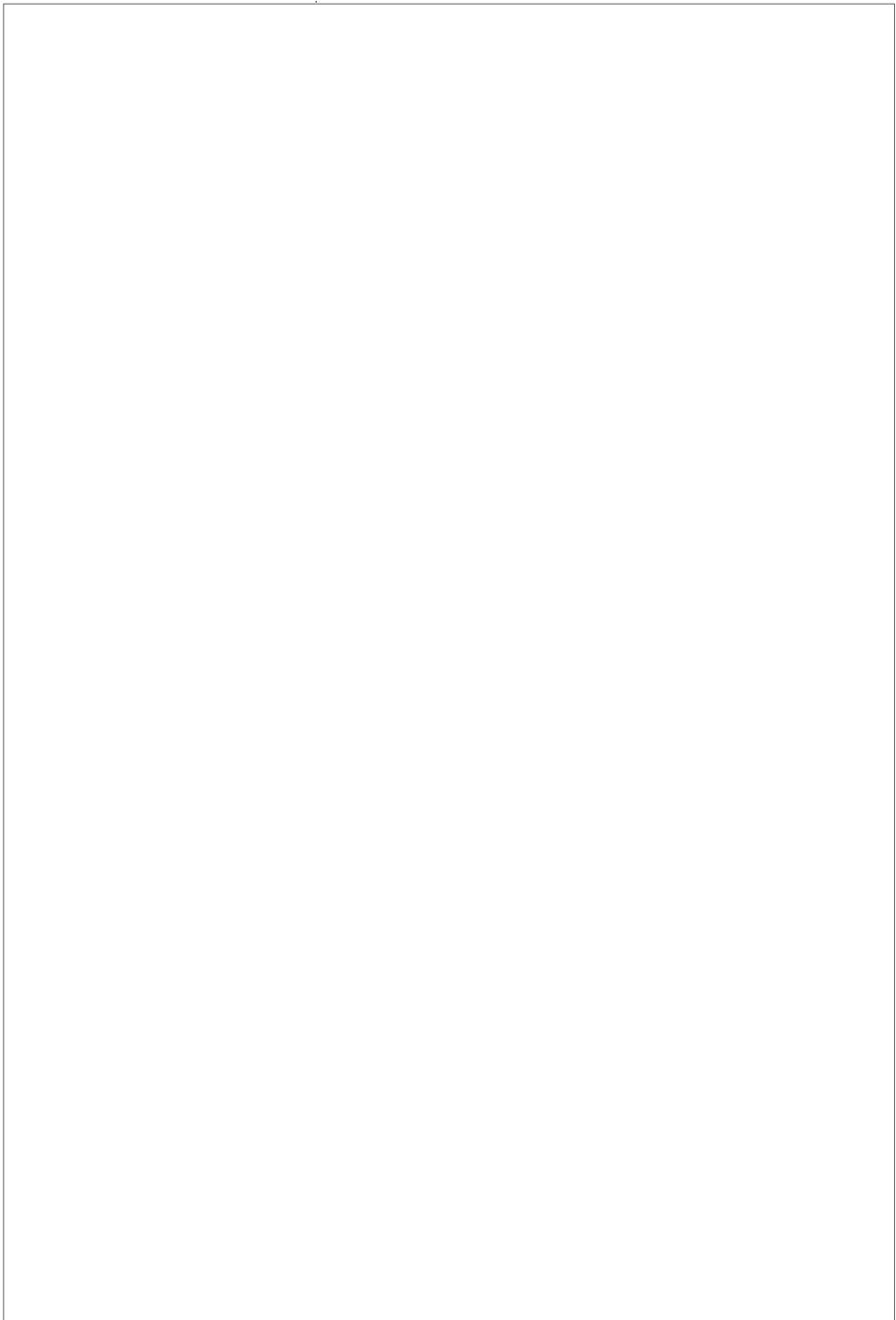
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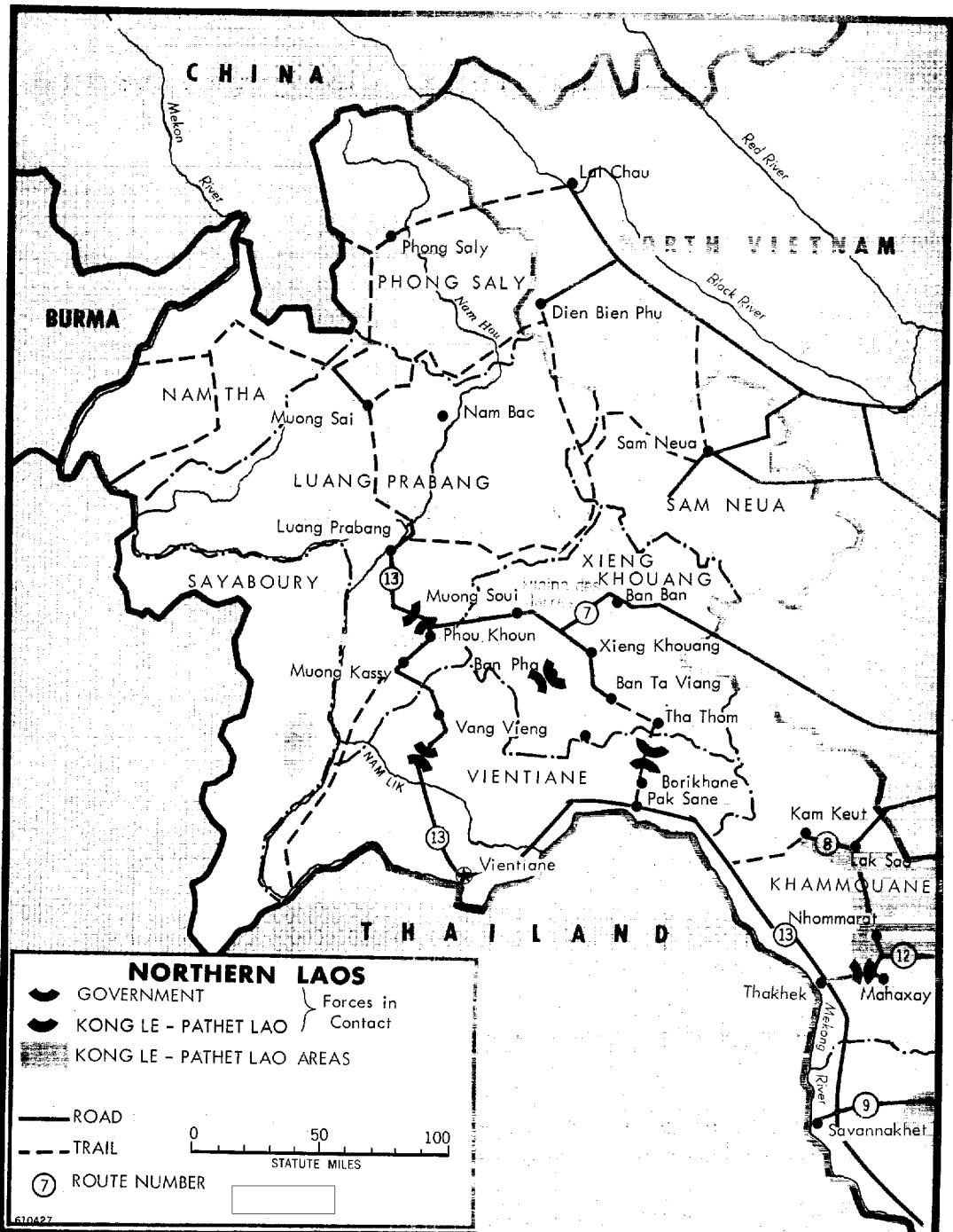
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Sirah

*Laos: [On 26 April Pathet Lao forces occupied Muong Sai, north of Luang Prabang, after forcing withdrawal of the government garrison by intense artillery fire. On Route 13, the government battalion recently airlifted from Vientiane to a point 10 miles north of the Nam Lik River is under strong enemy pressure and the situation is described as critical. The Nam Lik River is the last natural obstacle before Vientiane. Other government troops, comprising those which recently withdrew from Vang Vieng plus some newly arrived reinforcements, are preparing defensive positions on the south bank of the river. Little new action is reported from the other fronts; no enemy contact is reported in the Thakhek area.]

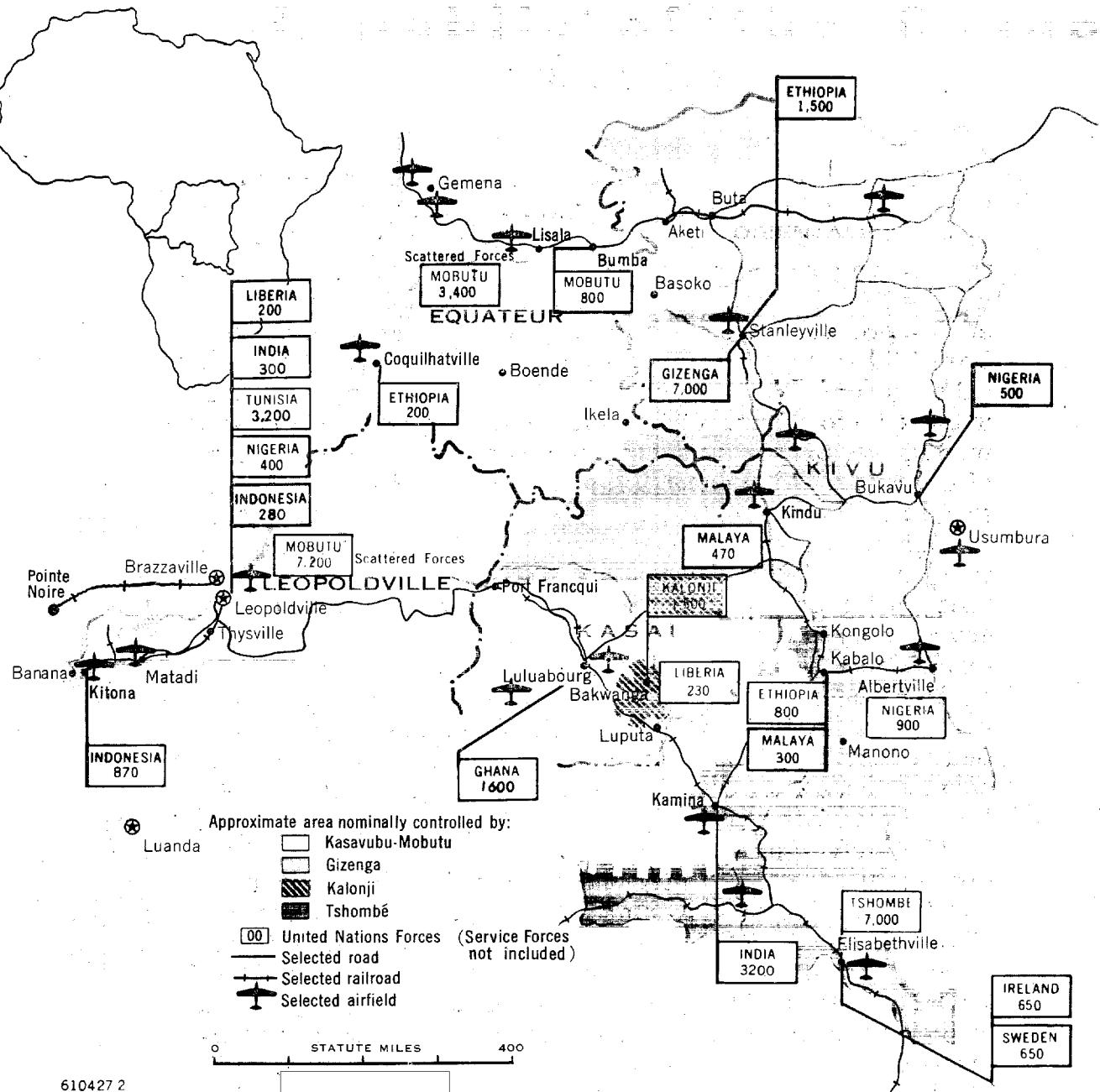
[The chief MAAG representative estimates that the Lao-tian Army is "on the ropes" and that the enemy has the capability of taking any of the major population centers now in government hands. He feels, however, that the greatest threat to Vientiane is a coup attempt coupled with an attack by Communist guerrillas located nearby.]

[government troops around Vientiane are demoralized and confused and that the local inhabitants support fully the Kong Le - Pathet Lao policy.]

[only two Soviet LI-2s are to fly into Laos on that date. It appears that the two flights scheduled for 26 April were not flown. On 25 April, one Soviet IL-14 and six Soviet LI-2s flew from Hanoi to Xieng Khouang. In addition, nine sorties by IL-14s were flown to the Phong Saly area, probably in response to earlier requests by Pathet Lao forces in that area for air-drops of arms, food, clothing, and medical supplies.]

(Backup Page 1) (Man)

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The Watch Committee at its meeting on 26 April reached the following conclusion concerning Laos:

Communist forces in Laos are now close to complete military victory. They have accelerated the tempo of military action during the past week, and are making significant gains in most sectors. Government forces appear unable to cope with the situation; hence the Communists have the capability of making further extensive advances wherever and whenever they choose. The Communist objective is apparently to force the Lao Government into talks on Communist terms, preferably at Xieng Khouang, which would deal simultaneously with arrangements for a cease-fire and the formation of a coalition government to represent Laos at the conference. In such discussions, the Communists would almost certainly be prepared to procrastinate in cease-fire talks, while continuing to press their military operations, in order to make the cessation of hostilities contingent on political concessions which would ensure virtual Communist control of a coalition government.]

no

*Congo: Although the detention of Tshombé at Coquilhatville apparently took place without the knowledge of most of the officials from Leopoldville, the incident will further strain the relations between Katanga and the Kasavubu regime. Tshombé reportedly was to be released early on 27 April and was to return immediately to Katanga. Although his early return to Elisabethville probably would prevent any overt attempt to remove him from power, his prestige is likely to suffer a further decline as a result of his treatment in Coquilhatville. Political instability in Katanga probably will increase as a result. The Coquilhatville conference allegedly is to continue despite Tshombé's earlier walkout; however, with no representatives from either Elisabethville or Stanleyville in attendance, its deliberations are unlikely to have significant impact.

no

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Ghanaian President Nkrumah told the Stanleyville leader, "As for my promise to supply you with material aid, it is a great pleasure for me to inform you that all the necessary arrangements have been made. The only circumstance which prevents us from proceeding is the question of transport." Nkrumah probably was referring to the arms which recently arrived in Ghana from the bloc.

Nkrumah urged Gizenga not to attend the Coquilhatville conference, alleging that attendance would compromise the Stanleyville regime's claim to legitimacy.

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Neutralist Conference: Tito and Nasir, [redacted]

[redacted] have addressed a secret joint note to the heads of 17 Afro-Asian and four Latin American states--including Cuba--urging a conference of "non-aligned" countries "for consultation and for discussion of urgent world problems which impede international cooperation and constitute a threat to peace." The note urged that a preparatory meeting of ambassadors or special envoys be held in Cairo as soon as possible.

[redacted] preliminary plans of the sponsors, who are supported by President Sukarno, call for holding the full conference of chiefs of state in Belgrade in June. [redacted]

(Backup, Page 2)

Communist China - Albania: By granting Albania a credit of \$125,000,000 for Tirana's Second Five-Year Plan (1961-65), Peiping has taken over the predominant role previously played by Moscow in the Albanian economy and has probably encouraged Tirana to continue its intransigent course. The new aid agreement points up the serious competition between the USSR and China for economic and political influence within certain areas of the bloc. This large-scale aid--roughly 80 percent of the new aid Albania was seeking for its Five-Year Plan--involves the dispatch of Chinese technicians and equipment for the construction of 25 industrial projects.

(Backup, Page 3)

USSR-Berlin: Top-level Communist statements on Berlin and Germany over the past two weeks suggest that Moscow is preparing the groundwork for a formal proposal to renew negotiations on these issues. The Soviet leaders may see the forthcoming NATO council meeting in Oslo on 8 May as an opportunity to justify a new initiative, alleging that this meeting will take up the question of nuclear armament for West Germany. In line with Khrushchev's remarks to Walter Lippmann

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that the USSR would raise the question soon, the authoritative Izvestia "Observer" article on 20 April warned that "all reasonable time limits have expired" for the conclusion of a peace treaty and a revision of Berlin's status. East German party leader Ulbricht in speeches on 21 and 23 April warned that East Germany did not intend to wait for a peace treaty until Bonn had "completed its nuclear rearming." Izvestia stated that the opponents of the "immediate conclusion" of a peace treaty are "grossly mistaken" if they hope that further delays will work in their favor.

Nuclear Test Ban Negotiations: [The chief Soviet delegate to the Geneva test ban talks, in press interviews

[redacted] has consistently upheld previous positions and given no indication that Moscow will make new compromise proposals to break the deadlock over vital aspects of the control system. He outlined three Soviet positions on which he stated there could be no compromise: a maximum of three inspections annually in the Soviet Union, a maximum of 15 control posts on Soviet territory, and a tripartite council to administer the control apparatus. At the conference sessions, the Soviet delegation has sought to undercut Western objections to the possibility of a Soviet veto on inspections by stating this issue would not arise in the tripartite council if there were an agreed annual quota of inspections. He has emphasized, however, that the tripartite scheme was "absolutely necessary" and has evaded the question of whether voting on all issues would have to be unanimous.]

France-Israel: [France decided in 1959 to limit nuclear collaboration with Israel to peaceful applications and has remained firm in this position despite continued Israeli efforts to interest France in the joint development of nuclear weapons,

[redacted] an agreement between France and Israel on 21 February]

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[1961 sets the terms of nuclear cooperation. Under this agreement French participation in the Israeli nuclear program is limited to aid in the construction of one reactor of 40 megawatts and related installations, and the supply of a total of 385 tons of natural uranium over the period from 1960 to 1970.

the Israelis seem determined to have nuclear weapons even though they have agreed to send the plutonium produced in the reactor back to France.]

This is the first report [describing the extent of French cooperation and the size of the Israeli program. In several details the report is at variance with official Israeli statements.]

(Backup, Page 5)

Ceylon: An outbreak of strikes in the island's tea and rubber plantations has forced the Bandaranaike government to tighten the state of emergency it declared on 17 April to halt communal agitation. The agitation arose from the government's efforts to impose the official Singhalese language on the Tamil-speaking minority in northeast Ceylon. The government mobilized additional military units on 26 April to help maintain essential services as well as to emphasize its determination to maintain its position. The government is probably capable of containing any further outbreaks. (Backup, Page 7) (Map)

Guatemala: A group of dissident army officers is planning a new attempt "very soon" to oust Guatemalan President Ydigoras,

A number of these officers were involved in the abortive attempt to unseat Ydigoras last November. The three principal opposition parties, ranging from the moderate left to somewhat right of center and all of them strongly anti-Communist, are said to have been asked for their moral support now and their cooperation after Ydigoras

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is overthrown. Dissidence is known to persist in the armed forces--chiefly among junior officers--and coup leaders would probably seek to justify action by charging the President with failure to take sufficiently strong measures to curb recent Communist gains in Guatemala. [redacted] (Backup, Page 8)

WATCH COMMITTEE CONCLUSIONS

- A. No change from last week.
- B. No change from last week.
- C. Carried on Page ii of Daily Brief [redacted]

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~~CONFIDENTIAL~~Situation in Laos

Peiping on 26 April issued a statement which voiced full support for the co-chairmen's appeal for a cease-fire "before the convocation of an international conference," and announced its decision to send a delegation to Geneva headed by the minister of foreign affairs. With respect to the role of the ICC in supervising a cease-fire before the conference, Peiping has expressed its agreement with the Soviet position that the ICC could exercise the necessary supervision and control over a cease-fire "pending the decision of the international conference."

Peiping's statement also suggested some of the initial positions which the Communists will probably take in the cease-fire negotiations. The Chinese declared that to "bring about" and "ensure" a cease-fire, the United States, Thailand, and South Vietnam must "immediately" stop assistance to Phoumi and withdraw their military personnel and equipment. Peiping also insisted that Chinese Nationalist irregular forces must be disarmed and removed from Laos at once.

~~CONFIDENTIAL~~

~~TOP SECRET~~Tito and Nasir Urging Neutralist Conference

The response to the Tito-Nasir initiative is likely to be generally favorable. [redacted] the following states were to be invited: Afghanistan, Brazil, Burma, Cambodia, Ceylon, Cuba, Ethiopia, Ghana, Guinea, India, Indonesia, Iraq, Mali, Mexico, Morocco, Nepal, Saudi Arabia, the Somali Republic, the Sudan, Venezuela, and Yemen.

Tito, Nasir, and Sukarno have been exchanging views on such a meeting for some time. One of their aims seems to be to develop a common position at the next UN General Assembly session. Sukarno probably intends to use the conference to press Indonesia's claim to Netherlands New Guinea. He is scheduled to arrive in Moscow on 5 June for a short visit, but he has not made firm plans for the rest of the month and presumably will attend the Belgrade meeting, if it is definitely scheduled.

Tito, whose recent tour of Africa and meetings with neutralist leaders in New York last fall have raised his assessment of the potential strength of the neutralist camp, looks on cooperation with the uncommitted states as Yugoslavia's best guarantee of its national interest and a vehicle for enhancing its international prestige. Much the same reasons have moved Nasir to work for a neutralist meeting. The UAR President also probably sees such international gatherings as forums in which he may bolster his claims to speak for most of the Arab world. [redacted]

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Sino-Albanian Economic Aid Agreement

In expressing gratitude for Albania's "brotherly" concern for China's "struggle," the communique issued on 25 April makes clear that the new economic aid is Tirana's reward for supporting Peiping in its dispute with Moscow. The statement that Sino-Albanian economic relations "fully embody the proletarian internationalist spirit of mutual support and close co-operation" appears sharply critical of Soviet economic pressures imposed on both China and Albania and of Moscow's laggard help in the present Chinese economic crisis.

The announcement of the new aid agreement was delayed for more than two months, probably because Peiping did not want to publicize its support for Albania while trade and aid talks with the USSR were getting under way. The announcement of the new loan to Albania at this time suggests that little, if any, progress has been made at the aid talks, which are still continuing in Moscow.

Chinese agreement to construct complete industrial installations for Tirana injects a new element into Sino-Albanian economic relations. Peiping has similar programs in all three of the Asian satellites, where Sino-Soviet competition has become abundantly evident during the past year, but previous Chinese aid to Albania has consisted almost entirely of grain and raw material delivered on a credit basis. Since last autumn the Chinese have been delivering increasing amounts of wheat to Albania, despite critical food shortages in China. These deliveries, both from China and from nonbloc countries at Chinese expense, are well in excess of Soviet deliveries and have provided Tirana with more than enough food grains to meet immediate consumption requirements.

The new aid agreement underscores the extent of the Albanian regime's alienation from Moscow and China's role in supporting Albanian defiance of the USSR. Since 1956 the USSR has extended a total of some \$140,000,000 in long-term credits to Albania, of which \$75,000,000 remains unused. The Chinese underwriting of the added credits needed for the new Albanian

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plan will nevertheless make it even more difficult for the USSR to bring pressure on Tirana to get back in line with the Kremlin. Furthermore, dissident elements within the East European regimes will undoubtedly regard the Chinese Communist loan as tangible evidence of Peiping's willingness to back heretical forces within the bloc and of Peiping's stature as an independent force within the Communist movement.

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Franco-Israeli Nuclear Collaboration

[This report generally confirms previous information on the extent of French-Israeli nuclear collaboration. However, its accuracy on several specific points cannot yet be determined, especially its description of the formal French-Israeli agreement.]

[The report states that the reactor has been completed. However, photographs of the site show that the top of the reactor containment vessel was not closed until some time between November 1960 and February 1961; under usual construction techniques, this is done about a year to 18 months before a reactor is in operation. Another report, dated 8 March 1961, indicates that the "steelwork inside the reactor" is incomplete.]

[The statement in the present report that the reactor has a power level of 40 megawatts contrasts with the officially announced level of 24 megawatts. The delivery of 385 tons of uranium over the specified ten-year period is appropriate for the operation of a 40-megawatt reactor if the first loading of about 10 tons occurred in late 1960 or early 1961. However, the report also states that 85 tons of uranium, which are sufficient to fuel the reactor for two years, have already been delivered. There is no reason for having this amount in stockpile unless the Israelis fear that the 10-year delivery schedule will not be met.]

[the agreement requires Israel to return all of the plutonium extracted after the irradiation of the 85 tons of uranium which have already been delivered, this does not make clear what disposition is to be made of the plutonium which would be produced by the use of the 385 tons of uranium. The statement in the report that Israel has started construction of an underground plutonium factory indicates that chemical separation of the irradiated fuel is to take place in Israel.]

[Israel has also investigated the possibility of obtaining uranium from other countries.]

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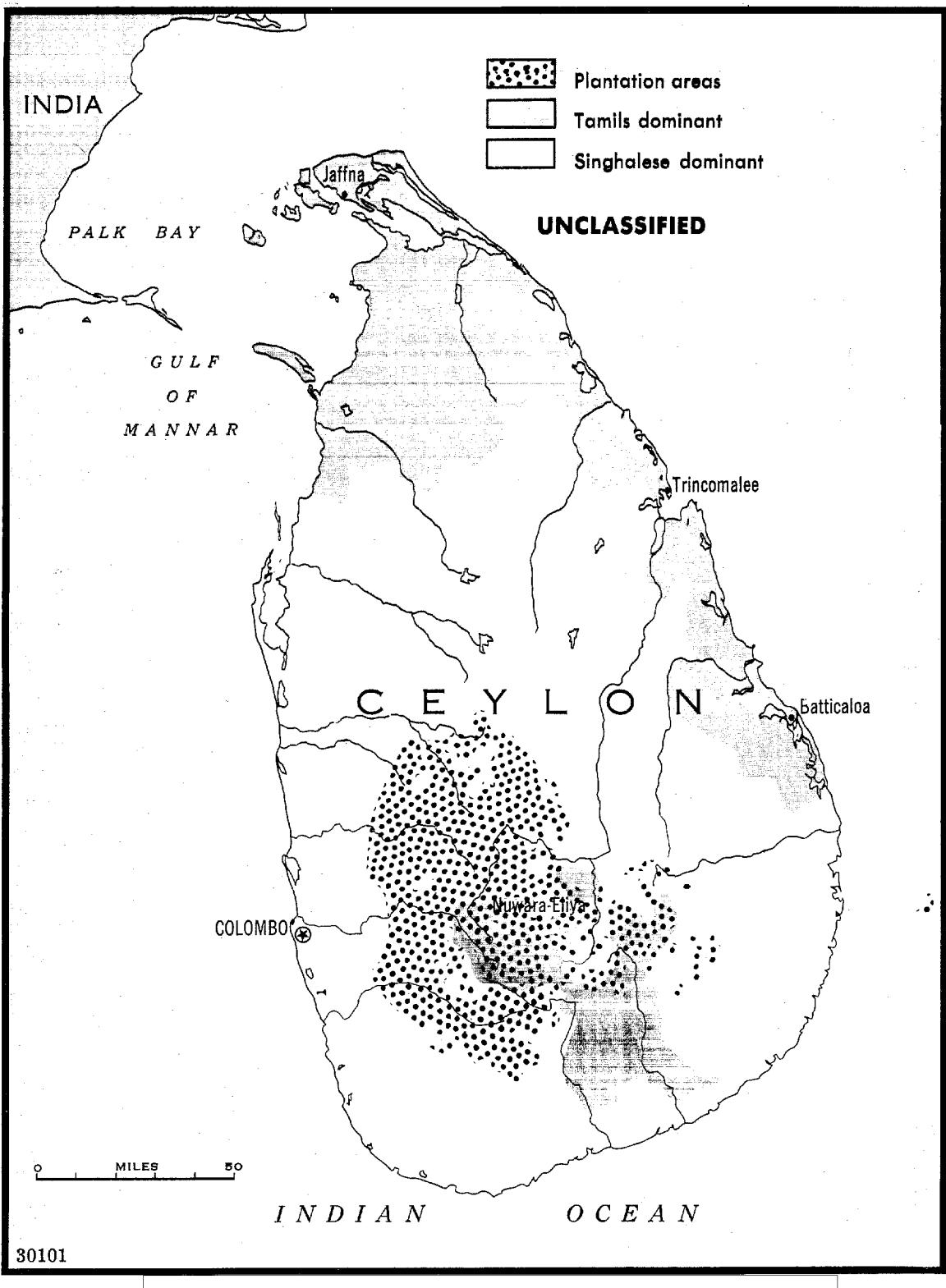
[redacted] Israel was awaiting a shipment of Argentine uranium. [redacted] Israel itself has a pilot plant for producing uranium; it is connected to a super-phosphate fertilizer plant and went into operation in 1957. While it has a capacity to produce about 14 tons of uranium annually, it has been operated at the rate of 7 tons per year. Thus, Israel on its own could have stockpiled enough uranium to operate a 40-megawatt reactor for almost a year.]

[Since a 40-megawatt reactor would be capable of producing enough plutonium for one nuclear weapon per year, the disposition of the plutonium produced from the French uranium is the major question. If France requires the return of all of the plutonium produced from the uranium it is to supply, Israel, in order to achieve a nuclear weapons capability, will be forced to produce its own fuel or seek a source of uranium on which safeguards would not be imposed.)

[redacted]

[large redacted area]

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Map Page

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Communal Agitation Forces Colombo to Step Up Emergency Measures

The Tamil-speaking minority, represented by the recently banned Federal party, has been agitating for nearly four months against the government's enforcement of Singhalese as the sole official language. The campaign began as one of "passive resistance" in early January, when the official language act went into effect. The agitation was intensified in late February; within several weeks picketing of government buildings had halted all government operations except food distribution at most major centers in the Tamil areas.

The government has remained firm in its decision not to grant the Tamils' demand that their language be granted equal status with Singhalese, but until recently refrained from using force. The Federal party's campaign, however, steadily gathered support and momentum. The government's hand was finally forced in mid-April when the party shifted to a "civil disobedience" campaign involving deliberate efforts to break the law by setting up parallel government services.

The government's show of strength at this point is likely to discourage a repetition of the communal riots in 1958 over the language issue. [Diverse rightist elements, including certain high-level military and police officers who belong to minority groups, reportedly are plotting some form of coup against the government. However, they do not appear well organized or strong enough to succeed in any attempt in the near future.]

The government's prestige may begin to suffer if the emergency regulations are prolonged or appear needlessly stringent. In addition, should the Tamil-dominated plantation unions be persuaded to continue their strikes indefinitely, the government would face serious economic consequences, since the plantations are the basis of Ceylon's export earnings.

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~~SECRET~~Military Coup May Soon Be Attempted in Guatemala

Dissidence in the Guatemalan armed forces has persisted and perhaps even grown since the shake-ups that followed the abortive and poorly coordinated military revolt last November. It is believed, however, to be confined to junior officers and inactive officers; there is no information that the commanders of key military units are involved in the current plotting against President Ydigoras. An indication of the strength of feeling among dissident junior officers came early last month when [redacted]

Fear of a Communist takeover, probably shared by many officers, is aggravated by recent evidences of growing Communist activity in Guatemala. The Communists, now more active than at any time since the fall of the pro-Communist Arbenz regime seven years ago, are working to strengthen their position in a climate of relative freedom. They are still generally weak, however, and were unable to incite serious disorders in their pro-Castro demonstrations in Guatemala City last week. The failure of these demonstrations to generate wide public opposition to Ydigoras probably strengthened the President's position, at least temporarily.

The military dissidents reportedly intend, if their coup is successful, to replace Ydigoras with a junta composed of two officers and Mario Mendez Montenegro, leader of the moderate leftist Revolutionary party (PR). The PR, probably Guatemala's largest political party and the only one with a degree of mass support, has recently suffered a series of defections largely due to Ydigoras' efforts to weaken Mendez Montenegro's position. Ydigoras' tactics against the PR have given some assistance to Communist efforts to regain control of Guatemala's potentially strong leftist-nationalist movement. [redacted]

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U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

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The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

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