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3 May 1962

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# CENTRAL INTELLIGENCE BULLETIN



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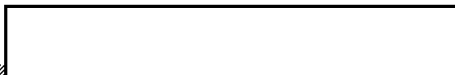
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## DAILY BRIEF

Indonesia: [Foreign Minister Subandrio, before departing for Moscow on 2 May, told the US ambassador that the purpose of his trip was to correct the imbalance of military power between Indonesia and the Dutch. He said the balance now favors the Netherlands.]

[Although his remarks carried the suggestion of intention to purchase new arms, Subandrio noted that Indonesia must be careful about assuming new obligations in view of the nation's financial difficulties. He said a "subsidiary reason" for his joining the mission, which includes representatives of the three armed services, was to negotiate financial terms. He did not make clear, however, whether these terms would be limited to new purchases or would involve a renegotiation of former payments arrangements. Moscow possibly will agree to liberalize the repayment terms of Indonesia's present arms debt and may be willing to provide additional military assistance to Djakarta.]

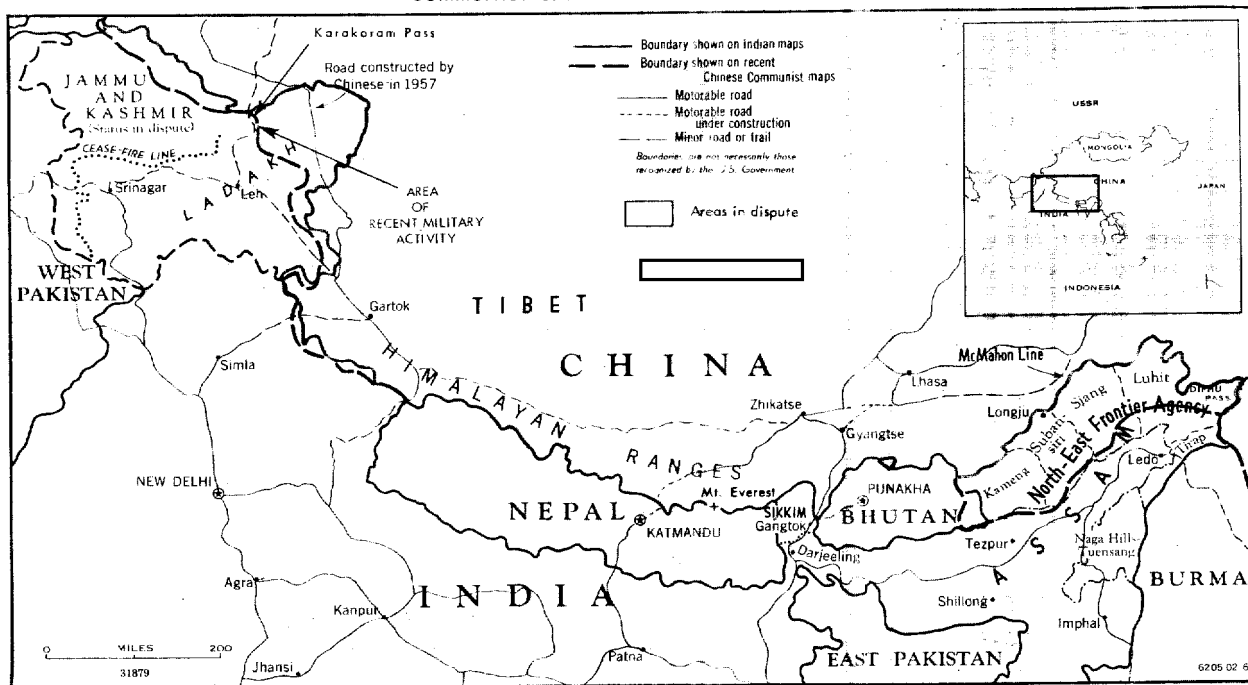
[Subandrio warned the US ambassador to expect a change of tone in Indonesia's comments on the New Guinea situation. Sukarno and Subandrio have repeatedly expressed their conviction that the Dutch will respond only to force or threats of force. Subandrio's trip seems likely to serve the two lines of strategy which Sukarno has consistently pursued on the New Guinea issue: to prepare for an ultimate resort to]

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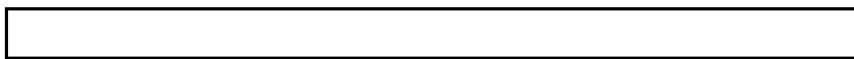
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COMMUNIST CHINA - INDIA BORDER AREA



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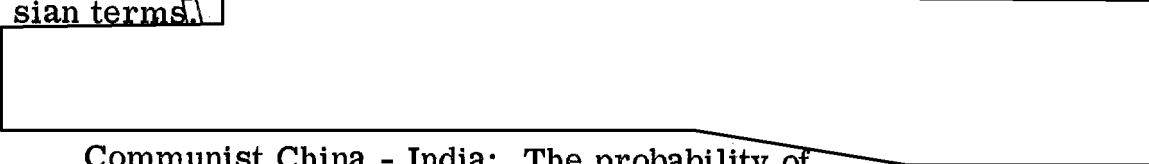


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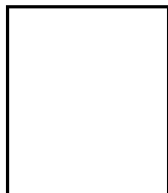
force but at the same time to nudge the Dutch and the West toward a peaceful settlement on Indonesian terms.

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Communist China - India: The probability of further clashes along the disputed Sino-Indian border is increased by Peiping's 30 April note to New Delhi protesting recent Indian military moves in the Ladakh area and charging Indian readiness to "create another incident of bloodshed." The Chinese note states that Indian troops have already established two fortified posts on Chinese soil and warns that if these troops are not withdrawn, China's forces "will be compelled to defend themselves." One of these is the post reportedly seized by Indian troops last week.

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The Chinese note states that Peiping has ordered its troops in Ladakh to resume active border patrolling, which Peiping claims it had halted two years ago. The note warns that Peiping may "be compelled to consider" resumption of patrols along the entire frontier.

\*Publication by Peiping of its threatening note, which gives the Indian public its first news of the Indian military moves in Ladakh, will increase pressure on Nehru's government to maintain an uncompromising stance. Nehru on 2 May reported to Parliament on his government's negative reply to an earlier Chinese note offering to negotiate. An atmosphere of urgency was created by Nehru's statement on that occasion reiterating Indian determination to strengthen defenses against the "contingency" of a "war with China," and a new wave of indignation over the latest Chinese note will raise tension even further.

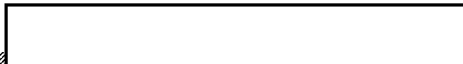
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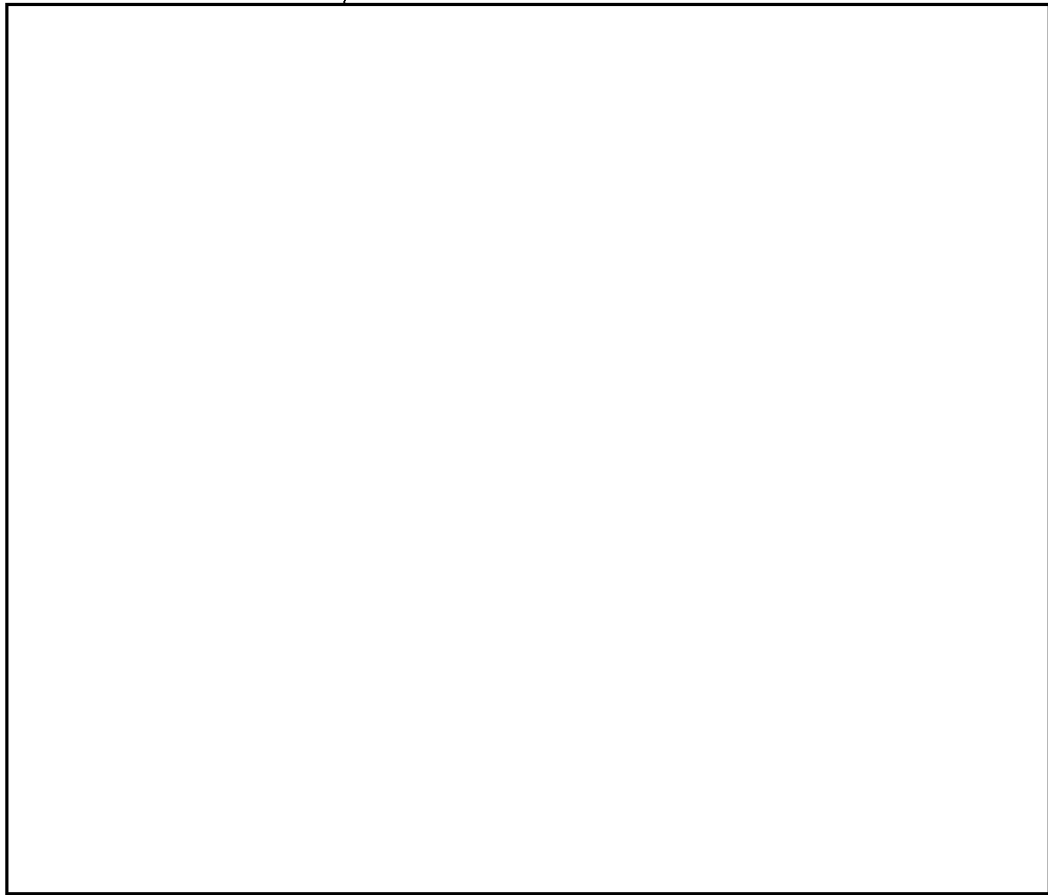
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France-Algeria: The Pompidou cabinet is under increasingly heavy public pressure over the fate of French soldiers who had been presumed prisoners of the Algerian National Liberation army (ALN). The Paris press has reacted violently to the statement the ALN issued on 1 May following release of 5 French soldiers that there were no more prisoners and that others should be considered "missing." Paris Figaro suggests that France might have to resort to partitioning Algeria. OAS sympathizers will be quick to pickup the Figaro suggestion that the Evian solution can still be brought into question.

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\*The issue over the fate of French captives will increase the threat to successful implementation of the accords which are already endangered by the impatience of the provisional Algerian government (PAG) over French failure to halt OAS terrorism against Moslems. The PAG yesterday challenged French sincerity by publicly charging Paris with responsibility for OAS acts of terrorism which on 2 May claimed the highest number of casualties for one day since the cease-fire. [REDACTED]

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Yugoslavia-USSR: Yugoslavia's May Day parade showed that Belgrade has at least 20 Soviet T-54 tanks. These have apparently been recently acquired in addition to the [REDACTED] MI-4 helicopters which were purchased last year from the USSR. These purchases end the monopoly which the West has held since 1948 on supply of new military equipment to Yugoslavia. They also reflect in part the abatement of hostility in Yugoslav-Soviet state relations since Tito and Khrushchev conferred at the UN in 1960.

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Yugoslav military officials have expressed concern over the possible Western reaction to such purchases. A Defense Ministry official, apparently in anticipation of the May Day displays, told the US Army attaché on 18 April that Belgrade would soon buy unspecified amounts and types of Soviet equipment. The Yugoslavs have also taken pains to emphasize that these purchases do not signify a shift in Yugoslavia's political orientation but result from a shortage of foreign exchange necessary to buy new equipment in the West. Yugoslavia has a favorable trade balance with the USSR. [REDACTED]

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Burma: General Ne Win has declared that "only such forms of democracy as will promote and safeguard socialist development" will be permitted.

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Ne Win's 28-point statement, "The Burmese Way to Socialism," delivered to the annual Commanding Officers' Conference on 30 April, in essence restated the national goals set forth in the constitution and advocated by Burmese political leaders since independence. However, full implementation of these policies would bring about major changes in Burma's political and economic life. Ne Win said that state ownership is to form the basis of the economy, and cooperatives or collective ownership would be given a secondary role. Burmese private enterprises "which contribute to national productive forces" will be permitted "with fair and reasonable restrictions." Ne Win apparently intends to limit foreign investment to joint ventures with the government.

He stated an intention to borrow ideas abroad "without discrimination between one country of origin and another." Israel has for some time been regarded by the Burmese as a model in applying socialism.

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[Redacted]

Portugal: The difficulties the police encountered in controlling the demonstrations in Lisbon on 1 May will encourage opponents of the regime to more aggressive acts. The demonstrations were well organized and appeared to be a show of force against the police rather than an attempt to ignite a large city-wide manifestation.

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[Redacted]

[Redacted]

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was impressed by the determination and lack of fear of the demonstrators, by the way their activities were directed by small groups of leaders, and by the absence of any spirit of vandalism. Observers stress that the demonstrators in Lisbon had not been deterred by their knowledge of special preparations by police to cope with the disturbances, and point to the apparent willingness of thousands of Portuguese to follow antiregime directives.

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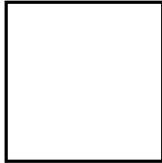
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Although the strikes in Oporto scheduled for 1 May did not take place, the police, with no apparent provocation, sprayed peaceful crowds in the downtown area with colored liquids and reacted to a subsequent demonstration of some 200 workers with unusual brutality. The US consul in Oporto feels that such treatment will not long be tolerated by the public. Since early April, there have been several reports of plans for demonstrations in Oporto on 8 May.

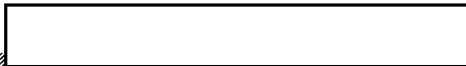


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WATCH COMMITTEE CONCLUSIONS

On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:

No Sino-Soviet bloc country intends deliberately to initiate direct military action in the immediate future.

[Redacted]

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[Redacted]

NATIONAL INTELLIGENCE ESTIMATES

The United States Intelligence Board, on 2 May 1962, approved the following national intelligence estimates:

NIE 11-9-62: "Trends in Soviet Foreign Policy," 2 May 1962 [Redacted]

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NIE 13-4-62: "Prospects for Communist China," 2 May 1962 [Redacted]

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(Advance conclusions are normally distributed within 24 hours of approval, and the printed text within five days.)

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French War Prisoner Issue Threatens Evian Accords

In the most recent official French statement on the Evian accords' provisions for release of prisoners, Armed Forces Minister Messmer said on 15 March that as of 1 January 1962 there were 197 French troops carried as "missing," and cautioned that probably only a part of these were prisoners. France began releasing Algerian rebel prisoners soon after the 19 March cease-fire, but International Red Cross representations to the provisional Algerian government (PAG) reportedly encountered only "embarrassed silences." Ambassador Walmsley in Tunis was informed by a good ALN source on 30 April that almost all the 500 French soldiers reported taken by the ALN during the past year or so were killed shortly after capture "during the exigencies of flight from French Army pursuit." According to this source, the PAG refused to so inform French negotiators at Evian lest "this grisly information" upset the negotiations then in progress.

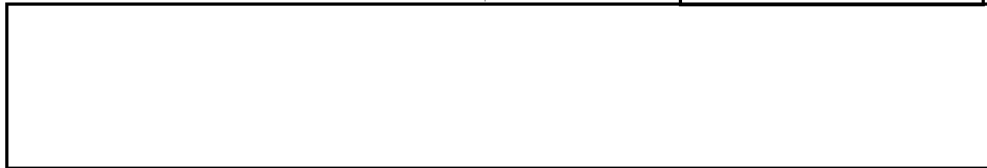
Pompidou was queried on the subject in the National Assembly last week, in connection with the general problem of application of the cease-fire accord. At that time he announced that France was suspending further release of Algerian prisoners. The cabinet will meet on 4 May under the chairmanship of De Gaulle to consider the war prisoner problem and other troublesome aspects on the Algerian situation. The Figaro criticism, even stronger than that of the rightist Aurore, suggested that provisional executive president Fares, now in Paris for consultations with De Gaulle, might not return to Rocher Noir until he knows whether the PAG is prepared to furnish assurances that it will carry out the Evian accords.

Thus far French civilian and military authorities have attributed most of the difficulties in implementing the agreement to continuing OAS provocations against Moslems and to "political infighting" within the PAG which hampered organization of

the transitional authority in Algiers, but had not seriously questioned the PAG's good faith. Aside from the question of whether the PAG can soon demonstrate its control over the ALN, the war prisoner issue could precipitate serious doubts as to whether the PAG intends to honor other parts of the Evian agreements, and could become a major political threat to the Pompidou government.

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