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*South Vietnam:

President-elect Thieu's and Vice President-elect Ky's plans for organizing their new government are beginning to take shape.

A confrontation between the government and the militant Buddhists was avoided when the Buddhists called off a scheduled protest march in Saigon yesterday. The militants backed off in the face of government threats to move forcefully to enforce its prohibition of "illegal" demonstrations. A letter from Presidentelect Thieu, which the militants portrayed as "conciliatory", provided the Buddhists with a convenient face-saving device for postponing the march.

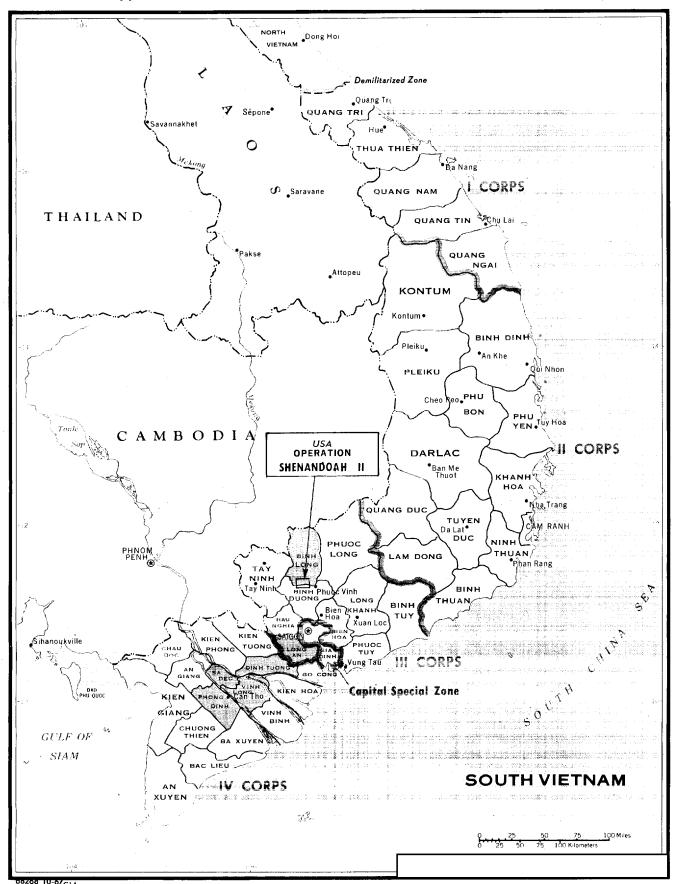
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The situation was also quiet in Hue and Da Nang over the weekend as Buddhist and student leaders mark time in the face of the government's firm stand against further demonstrations. In marked contrast to past performances, the activities of the various student and Buddhist elements in the two cities have suffered thus far from poor coordination and lack of direction.

Action in the ground war was generally light and scattered over the weekend, although sharp engagements were fought in the Mekong Delta and in Binh Long Province north of Saigon on 6 October.

In the delta fighting, nine US soldiers and 94 Viet Cong troops from the 263rd Main Force Battalion were killed during an eight-hour battle some 40 miles southwest of Saigon in Dinh Tuong Province. The action took place in the same marshlands where South Vietnamese Army troops fought the Viet Cong earlier in the week and where US Army forces reported killing nearly 200 enemy soldiers last month.

Enemy activity has stepped up throughout the delta during the past two weeks. Several small government outposts in Sa Dec, Vinh Long, Phong Dinh, and Long An provinces have been overrun by Viet Cong guerrillas since 1 October and other outposts and towns have been mortared.

In Binh Long Province, US Army troops in Operation SHENANDOAH II killed 25 enemy soldiers in a clash on 6 October. This operation has accounted for over 70 enemy dead since 4 October, the heaviest losses inflicted in the III Corps area since early August.

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Indonesia - Communist China: Djakarta appears to be edging toward a final break in relations with Peking.

Foreign Minister Malik, who cut short a trip abroad after students sacked the Chinese Embassy on 1 October, has indicated to student leaders that the government is reviewing its policy of avoiding a complete break with China. He apparently persuaded the students to withdraw a threat to attack the embassy again if diplomatic ties were not cut almost immediately.

There is growing evidence that at least some leaders in Indonesia's ruling military group egged on the students in their attack on the embassy, or at least were privy to their plans. It is not clear whether General Suharto himself knew about the plans, but in any event the situation now may have gone beyond the point where the Djakarta government sees much value in continuing to withstand pressures for a diplomatic break.

The US Embassy in Djakarta notes a growing fatalism in the Indonesian Foreign Ministry concerning the welfare of the four diplomats remaining in Peking. The Indonesian Government, in view of its inability to extricate them, may have decided that the only option still open is to force their expulsion through a formal break in relations.

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