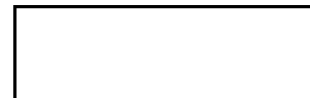


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State Department review completed

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No. 0168/69
15 July 1969

Central Intelligence Bulletin

CONTENTS

South Vietnam: Situation report. (Page 1)

Laos: The government has ended its campaign to recapture Muong Soui. (Page 2)

Romania-US: Bucharest's cordiality toward the USIA director reflects anticipation of President Nixon's visit. (Page 3)

Hungary-US: The Hungarian Government wants to discuss a wide range of bilateral problems. (Page 4)

El Salvador - Honduras: El Salvador has launched air and ground attacks against Honduras. (Page 5)

Thailand: Foreign Minister Thanat apparently has decided to relinquish his post. (Page 6)



25X1

USSR-US: Strategic arms talks (Page 9)

Libya: Dissension (Page 9)

SECRET

SECRET

[South Vietnam: Criticism of President Thieu's offer to let the Communists' National Liberation Front participate in elections is growing in South Vietnam.

Some of Thieu's political opponents, led by Senator Tran Van Don, are assailing the timing of the speech on the grounds that this made it appear that Thieu was acting on orders from Washington. In addition, some northern Catholics from the Greater Solidarity Force, which belongs to Thieu's new National Social Democratic Front, are breaking ranks to attack his offer as a sign of weakness toward the Communists.

In an apparent effort to soften such criticism, Foreign Minister Thanh on 12 July held a press conference in which he seemed to retreat from positions taken by Thieu. For example, Thanh said that no one who actually advocates Communism would be allowed to run for office; this statement in effect contradicts Thieu's offer to let the Liberation Front participate in elections. The foreign minister stated, moreover, that North Vietnamese forces would have to withdraw north before elections could be conducted.

It is not clear whether Thieu authorized Thanh to make these points, or whether he merely instructed the foreign minister to blunt the critics' attacks.

* * * *

Military action remained light throughout South Vietnam on 13-14 July; no significant enemy mortar or rocket attacks were reported.



15 Jul 69

Central Intelligence Bulletin

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[Laos: The government apparently has terminated its campaign to recapture Muong Soui.

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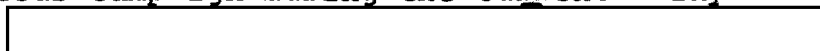


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The two-week operation had made some headway but unusually poor flying weather, the reluctance of progovernment neutralist troops to carry out their part of the offensive, and a recent decline in the morale of Meo forces apparently convinced Vang Pao that the chances of taking Muong Soui were minimal. The government offensive was not vigorous enough to test Communist intentions but the enemy appeared determined to defend the base.

With the collapse of the effort Vang Pao presumably will now turn his attention to thwarting what he believes will be an early enemy drive westward on Route 7 and then south into northern Vientiane Province.

Vang Pao calculates that the enemy will move in this direction in order to isolate his bases at Long Tieng and Sam Thong. There is no evidence, however, that the Communists will undertake such an ambitious campaign during the current rainy season.



25X1

15 Jul 69

Central Intelligence Bulletin

2

SECRET

Romania-US: The Romanians have demonstrated their keen anticipation of President Nixon's visit by receiving USIA Director Shakespeare with unusual courtesy during his unofficial visit 6-9 July.

In Bucharest as a part of a get-acquainted swing through various countries of Eastern Europe, Shakespeare was treated as a celebrity by the Foreign Office, the State Committees for Art and Radio and Television, and at various social functions. First Deputy Foreign Minister Macovescu invited him back for an official visit. His presence also received due notice in the press, in contrast to 1967 when the then USIA director's unofficial visit went unmentioned.

While such treatment underscores the good state of Romanian-US relations in the cultural field, it also is a part of Bucharest's preparation for President Nixon's visit. The Romanians even moved forward in substantive discussions with Shakespeare on establishing a US library in Romania and exchanging magazines. The Romanians now seem to be ready to reach an early agreement on these questions, which have been in negotiation for some time, probably in order to clear the way for signing during the President's visit.

The Romanians have not been so forthcoming on other outstanding questions of interest to the US, such as the emigration of dual nationals and the reduction of the tight restrictions on US Embassy operations. As its major immediate objective, Bucharest hopes to get most-favored-nation tariff status for goods exported to the US.

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15 Jul 69

Central Intelligence Bulletin

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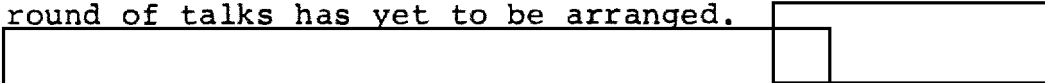
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Hungary-US: The Hungarian Government wants to discuss a wide range of bilateral problems in an effort to improve its relations with the US.

On 10 July, Deputy Foreign Minister Szilagyi presented a comprehensive list of suggested topics for negotiation to the US ambassador. It spans a whole range of long-standing problems, including such key issues as the granting of most-favored-nation status, the settlement of financial claims, and the opening of a Hungarian trade office in New York. Other issues of varying sensitivity--a consular convention, an airline link, a working agreement on cultural cooperation, and the return of the Hungarian crown jewels--were also proposed for negotiation. The Hungarians have insisted that the negotiations be handled confidentially, probably to avoid domestic rumor-mongering and premature press speculation.

Szilagyi indicated willingness to act quickly on lesser issues. The Hungarians, however, are tough bargainers, and the negotiations will probably be protracted and lively. An agenda for the first round of talks has yet to be arranged.



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15 Jul 69

Central Intelligence Bulletin

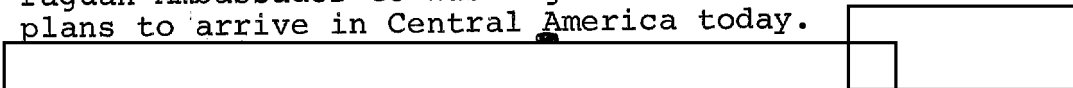
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[El Salvador - Honduras: El Salvador launched a full-scale attack against its neighbor last night.

Salvadoran aircraft reportedly bombed and strafed Honduran border positions and the airport at Tegucigalpa. Both Honduran and Salvadoran military officials reported that fighting was breaking out all along their common border.

An emergency session of the OAS Council has agreed to the Honduran request for a foreign ministers meeting and has also agreed to send a seven-man fact-finding committee to work with the Central American mediators. The OAS team, headed by Nicaraguan Ambassador to Washington Sevilla-Sacasa, plans to arrive in Central America today.



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15 Jul 69

Central Intelligence Bulletin

5

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Thailand: Foreign Minister Thanat, one of the principal architects of Thailand's pro-US foreign policy, apparently has decided to relinquish his post.

The Thai Government has circulated an official note among foreign embassies in Bangkok soliciting support for Thanat's candidacy for an opening on the International Court of Justice that will become available early next year. Thai leaders have also made a strong pitch for US backing. Although Thanat has been mentioned in past years as a possible candidate for the court, this is the first time that his name has been put forward officially.

It is not entirely clear where the initiative for Thanat's candidacy originated. Thanat has been more closely associated with the US than any other Thai political figure. The fact that former Thai ambassador to the US Bunchana Attakorn, who is reportedly strongly pro-American, appears to have the inside track to replace Thanat suggests, however, that no important changes in Thai foreign policy are likely in the near future.

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15 Jul 69

Central Intelligence Bulletin

6

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USSR-US: A Soviet Foreign Ministry official has indicated that Moscow is ready to accept the US proposal for strategic arms limitation talks. Yesterday the deputy chief of the American section told the US Embassy that while he was uncertain on timing, he thought that 15 August would be a suitable starting date. The Soviets evidently remain flexible regarding the site for the talks. The official mentioned that Moscow favors Helsinki, Moscow and Washington in rotation, or Vienna, in that order.

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Libya: Anonymous leaflets directly attacking King Idris have been distributed in Libya in the past few days. They charge the King with favoring the influential Shalhi family, which includes Umar Shalhi, a special adviser to the King, and Colonel Abd-al-Aziz Shalhi, a power in the army. Colonel Shalhi is said to have masterminded the recent purchase of a multimillion-dollar air defense missile system from Britain. According to other reports, many Libyan Army officers are also unhappy over the position of the Shalhis, although there is no indication that their discontent will be transformed into action.

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15 Jul 69

Central Intelligence Bulletin

9

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