

THE PRESIDENT'S INTELLIGENCE REVIEW

ISSUED BY THE
CENTRAL INTELLIGENCE AGENCY

2 - 4 SEPTEMBER 1964
~~TOP SECRET~~



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1. South Vietnam: The situation remains unstable as Khanh has continued to maneuver to neutralize his rivals following his return from Dalat amid a flurry of anticoup preparations.

General Khiem, reportedly fed up with Buddhist pressures, has submitted his resignation as defense minister and member of the governing triumvirate. Khanh told Ambassador Taylor that he has the "resignations" of all the military members of the government, but does not yet know which ones to accept.

Khanh told Taylor he intends to make a number of changes in his current interim government, generally toward giving it a "civilian aspect." At a press conference on 4 September, he outlined ambitious plans to turn over the government to the civilians in two months. He envisaged a presidential form, with separate legislative, executive and judicial arms.

How long this plan will survive remains to be seen. Before Khanh's return from Dalat, Ambassador Taylor warned that "we should not delude ourselves that we can put together any combination of personalities which will add up to a really effective government in the foreseeable future."

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Some Dai Viet military officers whom Khanh apparently intends to replace have indicated they may leave Vietnam; they accuse Khanh of giving way to unreasonable Buddhist demands. Other officers cooperating with Khanh also think that the demands of the Buddhists pose a serious problem. Khanh's move on 3 September--when threatened by a Buddhist hunger strike--to assure the release of all those arrested in the recent Saigon rioting undoubtedly has increased this concern. [REDACTED]

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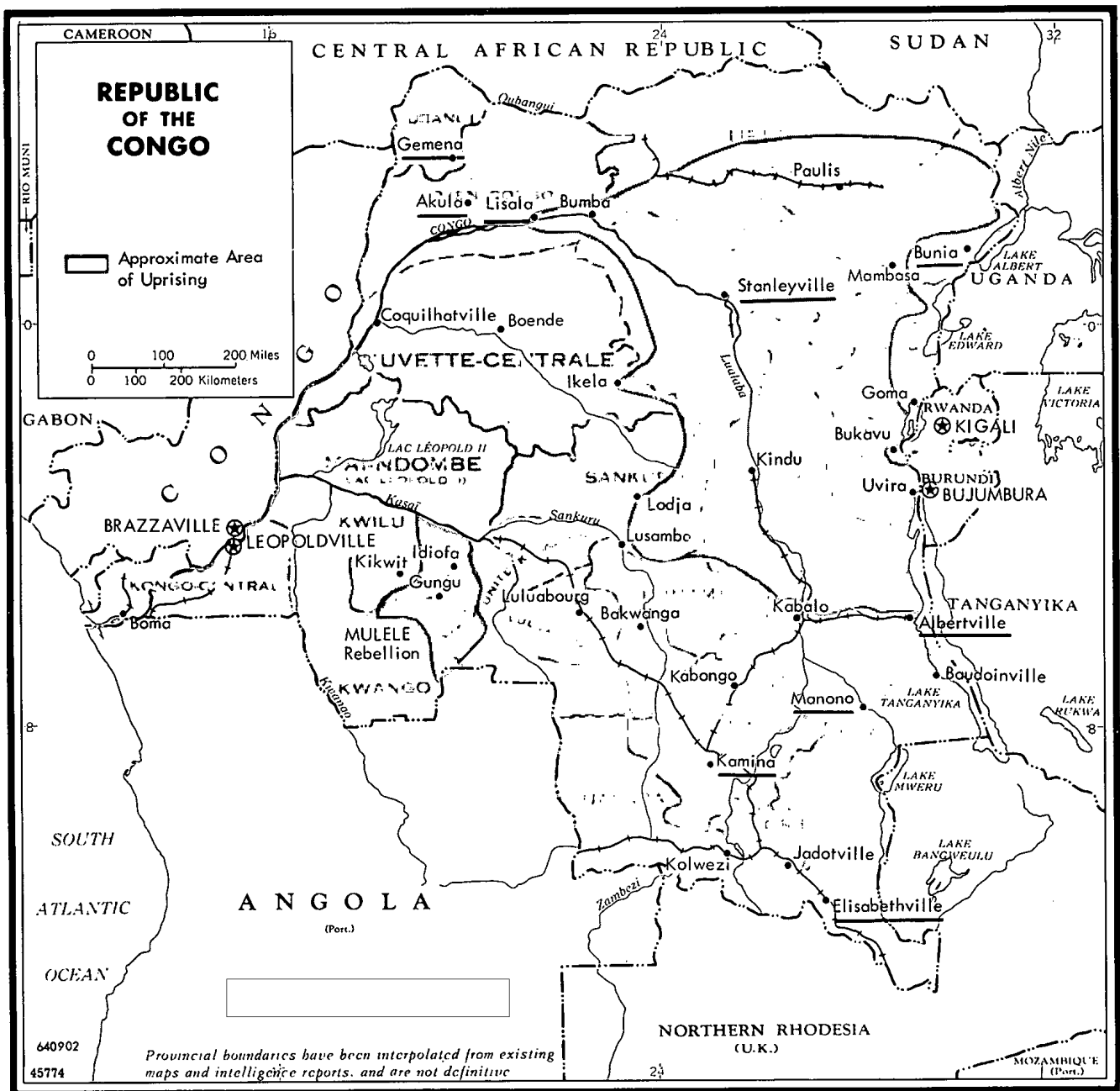
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So far, government military operations have continued at an average pace, and the Viet Cong have not yet stepped up their activity. We cannot be sure, however, how long the Viet Cong will hold off.

2. Congo: There has been no significant improvement in the security picture.

Katanga has been all but cleared of rebels. But the rebels continue to make gains in the north and northeast, and there are no good government troops available to resist them. Coquilhatville, the last major town upriver from Leopoldville, is now threatened by rebels last reported only 100 miles to the northeast. All Americans have been evacuated.

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Leopoldville is quiet. Some 13,000 Braz-zavillians, Burundis and Malians have been deported.

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rebel "General" Olenga said he was holding Stanleyville's white population as hostages against air raids. He also reneged on his earlier promise to allow a Red Cross plane in on a humanitarian flight.

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Rebel leaders appear to be gathering in Stanleyville, and we have been half-looking for some announcement of a dissident government claiming legal status.

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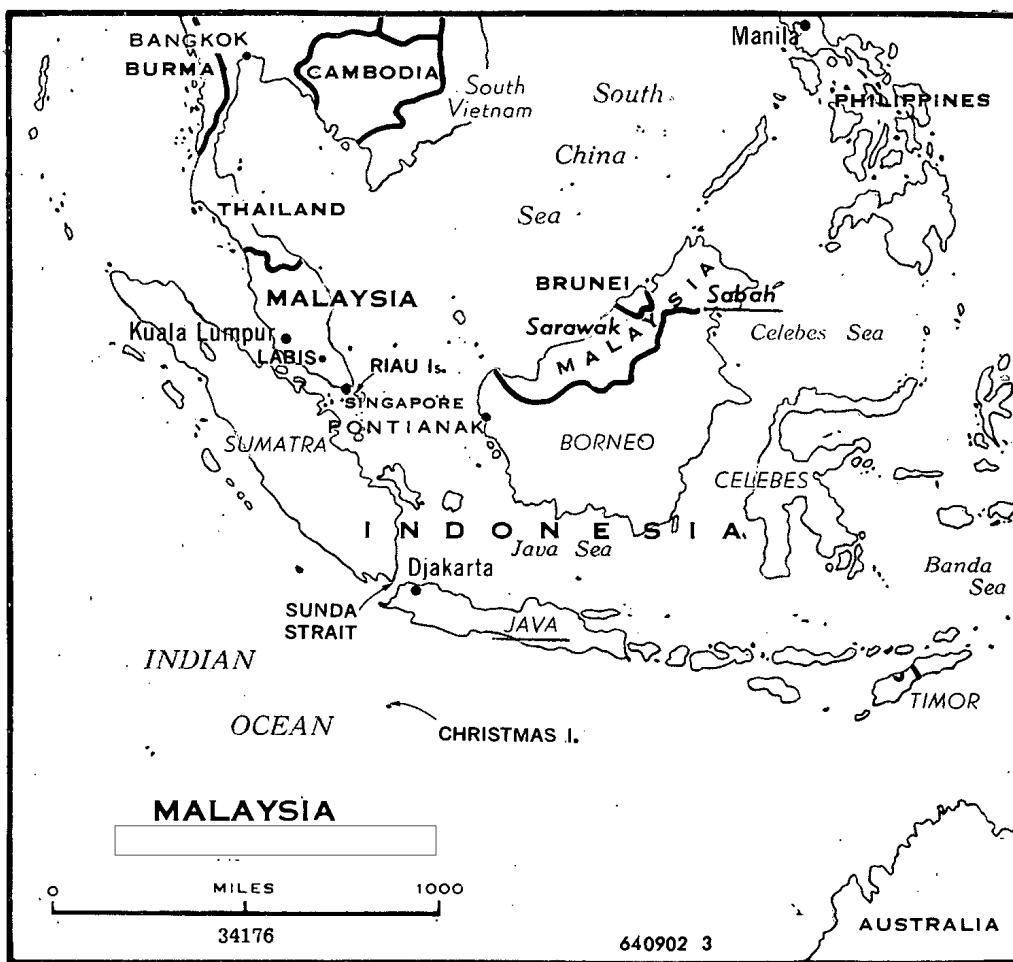
It now looks as though Tshombé will attend the OAU emergency session which begins 5 September in Addis Ababa. President Kasavubu apparently is not going, despite numerous appeals--including one from Haile Selassie.

Tshombé's stock among the Africans has been going down, even among some of the moderates. It has been further undercut by the publicity about his white mercenaries and by his abortive attempt to get the OAU session delayed. The Guinean delegation may even try to have Tshombé barred from the session.

There is a still wide range of views among Africans on how the OAU should handle the problem.

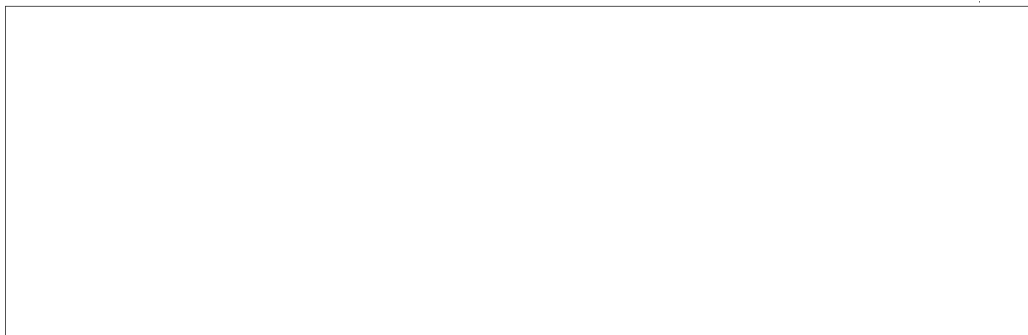


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3. Indonesia-Malaysia-UK: A major crisis may be developing over Indonesia's latest move against Malaysia.



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Malaysia has asked for a UN Security Council session.



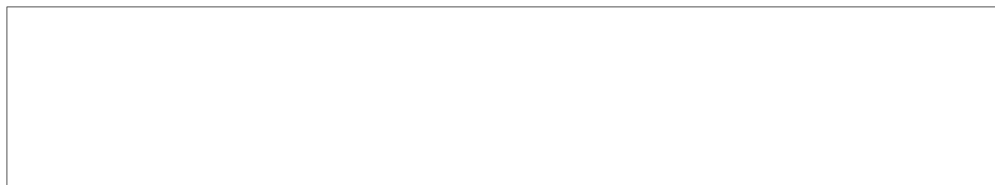
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The Indonesians, irked by the 29 August transit of Sunda Strait by a British carrier task force en route from Singapore to Christmas Island, have said they are closing the strait --written permission to be required for passage. The director of



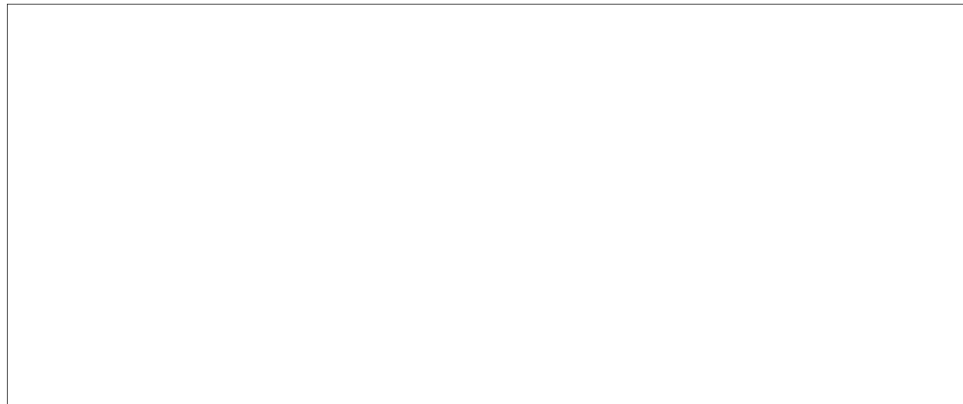
try it again the Indonesians will use TU-16 medium bombers to stop them.

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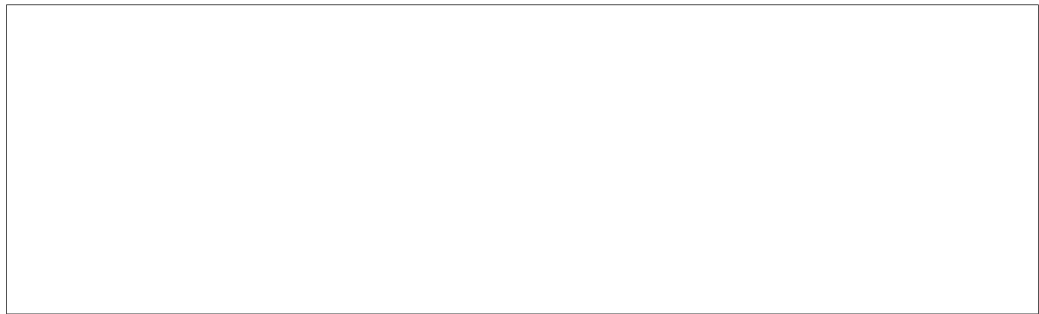
Meanwhile Malaysia's problems have been further complicated by Malay-Chinese communal rioting in Singapore which broke out again on 3 September.

4. Cyprus: The uneasy quiet on the island continues. There have been a few shooting incidents, but the blockade of Turkish Cypriots has been somewhat eased--after early in the week pushing the Turks to the point of "explosion."

Cypriot Foreign Minister Kyprianou, as well as General Grivas, went to Athens on 4 September possibly to discuss the Turkish military rotation question, which is shelved only temporarily.

Kyprianou is also planning to go to Moscow in the next week or so. He told Ambassador Belcher that this is to make a "general survey" of the problem and of Soviet political support for the Cypriot position. The Greeks think Makarios' insistence on this trip means that the Soviets are not being too forthcoming with military assistance.

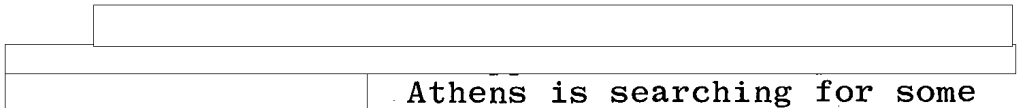
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We have heard from several quarters that Makarios now says he would agree to Turkish troop rotation, but under conditions which probably still would not be acceptable to Ankara. At any rate, however, he would appear to be easing somewhat off his adamant stand.

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Athens is searching for some release from the pressures. It has aired one formula calling for a Greek-Turkish exchange of pledges in NATO, with Turkey disclaiming any intention to intervene without clear provocation by the Greek Cypriots.

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5. North Vietnam: Defensive fences are still being shored up.



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On 1 September Hanoi laid claim to a 12-mile limit for its territorial waters. However, it did not say whether the line would include offshore islands, one of which is 60 miles out. Hanoi warned that violators of these waters would be "smashed."

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6. Berlin: A new agreement permitting West Berliners to visit relatives in East Berlin may be signed soon.

West Berlin and East German negotiators appear to have come to terms on most points. The accord will probably be for one year and can be extended. It will specify four holiday periods when passes will be issued, with passes available throughout the year for compassionate cases.

The agreement will not affect the ban on East Germans visiting West Berlin.

7. Communist Agriculture: In the USSR, with about half the planted acreage harvested, this year's crop of small grains (wheat, rye, oats, and barley) looked in mid-August like the best since the record crop of 1958.

The main Soviet concern is to cut the loss between field and barn, always a problem, and complicated this year by compressed harvesting schedules.

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Moscow apparently does not intend to negotiate a wheat deal this year with Ottawa. The final shipment of wheat from Canada to Cuba on Soviet account has been made, and beginning this month, Soviet wheat for Cuba will come from Black Sea ports.

In the East European satellites, growing conditions pointed to another mediocre crop. Satellite import needs may therefore increase over last year. Most of this will still have to come from the West.

In Communist China, the early grain crop topped the very poor 1963 crop. The outlook on the more important late crop is good, but Chinese imports continue to be scheduled at very near last year's levels.

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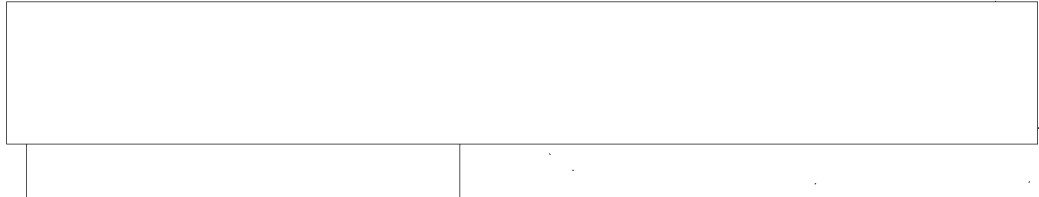
8. Iran-Iraq-UAR:

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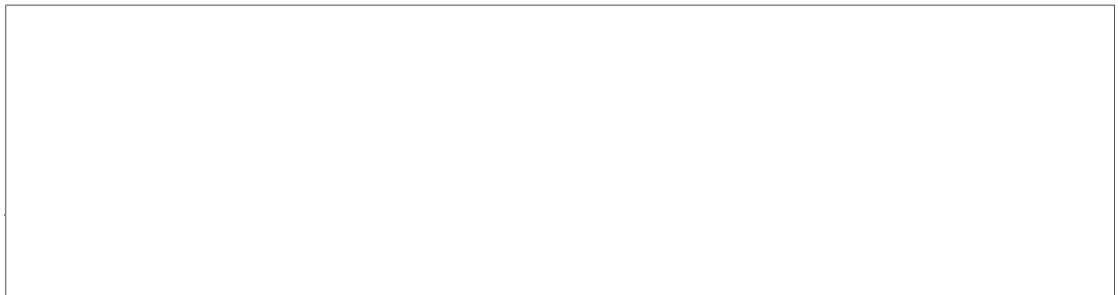
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9. Cuba: The Uruguayan National Council of Government is putting off consideration of relations with Cuba until next week. However, a majority is reported to favor severing relations. Opinion in the Council is said to have fastened on either unconditional severance or a face-saving "interruption" of relations, pending consideration of OAS sanctions by the International Court of Justice.



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10. Haiti: The government's campaign against the rebels has continued to go badly. Shooting incidents along the Haiti-Dominican border have contributed to the edginess in both Port-au-Prince and Santo Domingo.

11. South Korea: President Pak Chong-hui is moving to force out of business a number of influential newspapers long a thorn in the side of the government. This could bring political trouble, in and out of the government.

12. Communist China:

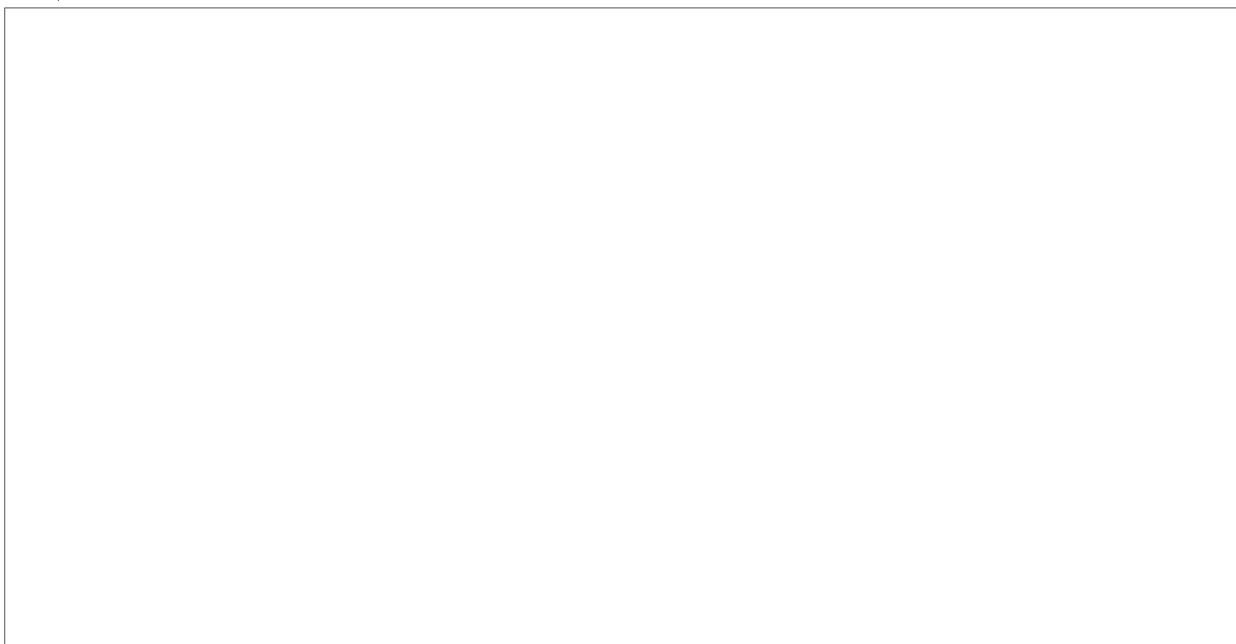


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