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Vietnam: Recent evidence indicates that there was some infiltration by enemy troops during March.

Captured documents and prisoners suggest that about 2,500 North Vietnamese troops, organized in five infiltration groups and slated for I Corps, entered the pipeline in March. Infiltration passes recently found in Quang Nam Province indicate that some of the troops began to move southward in North Vietnam in late March, several days after the turn-down in infiltration was believed to have begun.

Despite the discovery of the previously undetected groups, the weight of evidence still indicates that there have been relatively few troop departures from North Vietnam since April.

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On the military front, Communist activity over the weekend continued at a low level throughout South Vietnam. Indications persist, however, that the enemy is preparing for another spurt of attacks in the near future to climax the so-called "July action phase." The evidence suggests these attacks, like earlier "highpoints," will consist largely of localized hit-and-run shellings, some interspersed with light ground probes.

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LAOS: Current Situation

Government forces attempting to clear lower valley

Enemy probes base

Enemy troop approaches

Government advance slows

Enemy troop buildup

Government-held locations

Conquered-held locations
Laos: The government's effort to recapture Muong Soul shows signs of floundering.

Government troops captured a number of strategic hill positions within two miles of the base late last week, but little progress has been made to follow up these gains. At least one close-in position has since been lost to the enemy. Bad weather is severely curtailing air support--on which the government heavily depends--and is enabling the Communists to truck in supplies and possibly reinforcements from the Plaine des Jarres.

Meo General Vang Pao is considering committing additional battalions to breathe new life into the Muong Soul campaign. A sharp Communist counterattack, however, appears to be only a matter of time. In recent days enemy troops have been moving in on Bouam Long, a guerrilla base north of Muong Soul, and Xieng Dat, where neutralist troops have been holed up since retreating from Muong Soul two weeks ago.

Government leaders, meanwhile, are apprehensive about what they regard as a growing threat to the royal capital of Luang Prabang. The Communists have rebuffed the government's attempts to clear the lower portions of the Nan Ou Valley and probes have been made as far south as Pak Ou on the Mekong River. Although it is too early to tell how serious the flurry of activity is, three North Vietnamese battalions appear to have moved south from the Nam Bac area for this campaign, raising the possibility that the Communists may intend to isolate Luang Prabang.

The Communists also appear to be making some effort to play on the fears of the Lao leadership.

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El Salvador-Honduras Dispute Complicated by Armed Clashes

[Map showing countries and locations in Central America, with labels like "El Salvador," "Honduras," "Nicaragua," "Panama," etc.]
El Salvador - Honduras: Fighting has broken out along the border and there is concern in Honduras that this may be a prelude to an invasion.

Salvadoran and Honduran patrols clashed Sunday morning at El Poy and press reports indicate that fighting was resumed in this area in mid-afternoon. On 11 July, a small Salvadoran force reportedly penetrated Honduran territory and was repulsed with four killed. This had been the first actual clash between troops of the two countries and the first combat deaths reported since El Salvador broke diplomatic relations on 26 June.

Honduran medical personnel have been sent to the frontier, and Honduran President Lopez has indicated that troop reinforcements will also be dispatched. In addition, units from home garrisons near the capital and San Pedro Sula have reportedly been moved to within a few miles of the border. [These moves, however, are defensive in nature.]

Fears among the large Salvadoran community in Honduras can be expected to increase in spite of a Honduran pledge of protection renewed on 12 July. Many of these Salvadorans may join the more than 16,000 who have already fled Honduras. A continued exodus would further complicate efforts to defuse the situation, and would reinforce pressures on Salvadoran President Sanchez for an invasion.

(Map)

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NOTES

USSR-ENDC: The Soviet Union has responded positively to the US request for additional enlargement of the Eighteen Nation Disarmament Committee (ENDC). The Soviets had earlier indicated that they would be opposed to more than one additional country (Yugoslavia). On 11 July, however, they agreed in part to a US proposal calling for enlargement by five countries. The Soviets will accept Pakistan on its own merits rather than as an ally of the US to be balanced by a Soviet ally, and have also indicated that they would now be willing to include another Latin American country. Further negotiations lie ahead, but the Soviet response suggests that Moscow is prepared to reach a final agreement on the enlargement issue.

Hungary - West Germany: During the past three months the Hungarian Communist Party has responded cautiously but affirmatively to overtures from West German Social Democrats to expand informal contacts and to discuss bilateral political problems. This process has avoided governmental involvement, although the attitudes taken by both sides could, in the future, form the basis for official negotiations.

(continued)

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USSR: The mission of the most recent Soviet lunar probe--Luna 15--remains undetermined, but the possibility that it may return samples of lunar soil to the USSR cannot be ruled out.

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