1. NETHERLANDS-INDONESIA.

A. SUKARNO HAS PUT HIS OK ON THE MIDDLEBURG AGREEMENT.

IN PASSING THE WORD TO JONES IN DJAKARTA YESTERDAY, SUKARNO WAS SPILLING OVER WITH ELATION AND HIGH PRAISE FOR EVERYONE CONCERNED. HE LABELED THE OUTCOME AN OUTSTANDING DIPLOMATIC VICTORY FOR THE US AS WELL AS FOR INDONESIA, WITH MUCH CREDIT ALSO DUE BUNKER AND THE UK FOR THEIR ROLES. WHEN EXPRESSING APPRECIATION FOR PRESIDENT KENNEDY'S SUPPORT, HE OBSERVED VOCALLY THAT "IN ALL HIS CAREER HE HAD ONLY BEEN "THREATENED" TWICE, ONCE BY MAC AND CHOU EN-LAI IN PEKING, ONCE BY PRESIDENT KENNEDY IN WASHINGTON." DUTCH ACCEPTANCE OF THE AGREEMENT IS ALL BUT ASSURED.

VAN ROIJEN WAS SCHEDULED TO REPORT TO THE CABINET IN THE HAGUE YESTERDAY, AND CABINET MEMBERS WERE IN TURN TO GO BEFORE THE RELEVANT COMMITTEES OF THE DUTCH PARLIAMENT TODAY. A MEETING OF THE FULL PARLIAMENT WOULD THEN PROBABLY FOLLOW.

2. DISARMAMENT CONFERENCE

THE BRITISH AT GENEVA YESTERDAY REGISTERED DEEP CHAGrin AT WHAT THEY HAVE LEARNED ABOUT THE NEW US POSITION ON A TEST BAN, AND DELEGATE GOSBER WAS GETTING READY TO FLY TO LONDON FOR A TRY AT PERSUADING MACMILLAN TO INTERCEDE WITH PRESIDENT KENNEDY. THEY UNDERSTAND FROM WHAT THE BRITISH EMBASSY HERE HAS TOLD THEM THAT THE US WANTS A MINIMUM OF ONE FOREIGNER PER 8-HOUR SHIFT AT CONTROL POSTS IN THE USSR, WHICH WOULD, THEY CONTEND, VITiate THE POLITICAL VALUE OF THE WEST'S ACCEPTANCE OF THE "NATIONAL STATIONS" CONCEPT.
26. VIETNAM

There is gathering evidence that North Vietnamese elements are moving into South Vietnam by way of Laos and Cambodia at an increasing rate. We have received a number of reports on the sighting of well-equipped Communist units in the neighborhood of the South Vietnam - Laos border - reports which look fairly good against the background of similar indications.

In addition, the South Vietnamese have a Viet Cong captive, taken last month, who says he entered via Laos and Eastern Cambodia.

36. LAOS

A. The Chinese Communists touched off an hour long diplomatic fracas in Vientiane yesterday by trying to outface the nationalist ambassador at airport ceremonies for the returning Souvanna Phouma. Just as Souvanna reached the already-accredited nationalist envoy in the receiving line, two Chinese Communist representatives broke through the line, grabbed Souvanna's hand, and declared that they stood for both the legal government of China and the thousands of Chinese in Laos. Both Souvanna and the nationalist stayed unruffled and picked up the protocol thread from there. There was more fuss after the ceremony when a royal government general held up the Chinese Communists for two hours arguing over whether they had a right to have national flags on their automobiles.
B. THE SOUVANNA GOVERNMENT STILL INTENDS TO SERVE THE
PRINCIPLE OF NEUTRALITY BY RECOGNIZING THE COMMUNISTS AS WELL
AS THE NATIONALISTS, AND THERE IS NO TELLING NOW WHETHER
EITHER WILL BE ABLE TO SWALLOW THE "TWO-CHINA'S" PILL.

C. REPORTS HAVE BEEN REACHING US OFFICIALS IN HAITI THAT
A MILITARY COUP AGAINST PRESIDENT DUVALIER IS CLOSE AT HAND.

(Cont'd)
OUR EMBASSY, WITHOUT NECESSARILY GIVING THESE PARTICULAR REPORTS FULL VALUE, THINKS THAT SUCH A MOVE COULD COME "WITH LITTLE OR NO NOTICE" WITHIN THE NEXT FEW MONTHS.

D. ELEVEN SOVIET MERCHANT SHIPS ARE ON THEIR WAY TO HAVANA AND WE STRONGLY SUSPECT THEY ARE CARRYING ARMS. SUCH A DELIVERY WOULD NOT BE FAR SHORT OF THE TOTAL AMOUNT OF ARMS DELIVERED IN THE FIRST HALF OF 1962.