July 10, 1969

Mr. President:

Herewith the intelligence material.

Tab A. Short summary items.

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- Tab B. Indications that some North Vietnamese main force units are "entering a period of partial disengagement. On other hand, several Communist combat units are "pre-occupied with preparations for another upsurge or 'highpoint' of attacks sometime in July."
- Tab C. Thieu reportedly has asked Senator Huynh Van Cao, a retired general, to develop the Vietnam Veterans Legion into a progovernment political force. Thieu's distrust of Senator Tran Van Don and "Big" Minh. Thieu may be considering Senator Tran Van Lam as prime minister in the future.
- Tab D. Chinese businessmen reportedly have increased their capital investments in Viernam during past few months. This reverses trend toward outflow of Chinese money which followed the 1968 Tet offensive.

South Vietnamese government has decided complete its 1969 pacification program by 31 October, instead of by end of the year as originally planned.

- Tab E. In recept speech Giap reaffirmed his view that Communists can fight as long "as necessary if they employ the right military tactics." Giap's speech is first "significant statement of Hanoi's military strategy since the high-level North Vietnamese policy review this spring."
- Tab F. South Vietnamese Government has uncovered several Communist intelligence networks in the Saigon area, during past several months.
- Tab G. Although enemy military activity has declined, Communist terrorists continue to exact steady toll of GVN supporters and officials. Terrorist activity continues relatively high in II and III Corps.
- Tab H. There was sharp increase in petroleum and foodstuffs deliveries to North Vietnam in May, highest monthly volume in 1969. However, imports for first five months of 1969 were slightly lower than same period of 1968. No seaborne imports of arms or ammunition were detected.
- Tab 1. Soviet officials intimate that Moscow is working on an elaboration of Brezhnev's proposal for a "collective security system" for Asia.
- Tab J. The visit of a delegation from the Soviet Ministry of the Maritime Fleet to the U.S. early in July appears to be aimed at improving access of Soviet ships to US ports.

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- Tab K. The Soviets are maintaining a high rate of satellite reconnaissance activity begun last summer. This is probably in part a response to need for intelligence on China.

 Soviet preparations for a major unmanned lunar operation are nearly complete.
- Tab L. Husak, successor to Dubcek as party leader in Czechoslovakia, is frustrated in his efforts to gain complete control, by political infighting.
- Tab M. Soviet military manpower has grown steadily during the 1960's and now totals about 3.6 million men in the regular armed forces -- an increase of about a half million.
- Tab N. A report that a group of Iraqui moderates has been plotting against the government and now plans to act before July 17.
- Tab O. A report on Pakistan under martial law: the four-man Martial Law Administration (MLA) has done reasonably well, but there continue to be problems.
- Tab P. The British have decided not to press for entry into the Common Market until after the German elections in the fall.
- Tab Q. Consultations in NATO, which began on Monday, are expected to endorse strategic arms limitation talks (SALT) between the US and the Soviet Union.

Tom Johnson