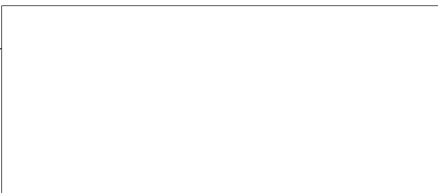


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4 November 1958



CENTRAL INTELLIGENCE BULLETIN

INTELLIGENCE



DOCUMENT NO. 9
NO CHANGE IN CLASS X
DECLASSIFIED
CLASS. CHANGED TO: 1S S18
NEXT REVIEW DATE: 2018
AUTH: 17 20-8
DATE: 4/17/80 REVIEWER: 



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~~CONFIDENTIAL~~**LATE ITEM****Chinese Communists Claim Nationalists Used Poison Gas
In 3 November Bombardment**

On 4 November the official Chinese Communist News Agency sent the following announcement in English Morse to Pyongyang:

"During the artillery battle at 3 P. M. on Nov. 3 between the enemy and people's liberation army troops on the Fukien front, the troops on Quemoy used poison gas shells to bombard PLA troops. It has been found that persistent poison gas was used, and 14 PLA troops were affected."

"It has to be pointed out that this new military provocation by the Kuomintang troops took place after the Chiang-Dulles talks and the supply of large amounts of ammunition by the United States to the Kuomintang troops. Therefore, it is an extremely serious incident. The spokesman of the ministry of national defense has been authorized to make the following serious statement: The Chinese people's liberation army expresses the greatest anger over this crime of the United States and of the Kuomintang troops. Should the Kuomintang troops dare to continue to use poison gas shells, our troops will reply with severe punitive action."

The above charge is the first of its kind to appear in connection with the off-shore island situation and may mark a new, more virulent phase in Chinese Communist propaganda directed against both the Nationalists and the United States. Together with the more intensive Communist shelling of 3 November, it raises the possibility of increased military pressure on the islands.

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4 NOVEMBER 1958

I. THE COMMUNIST BLOC

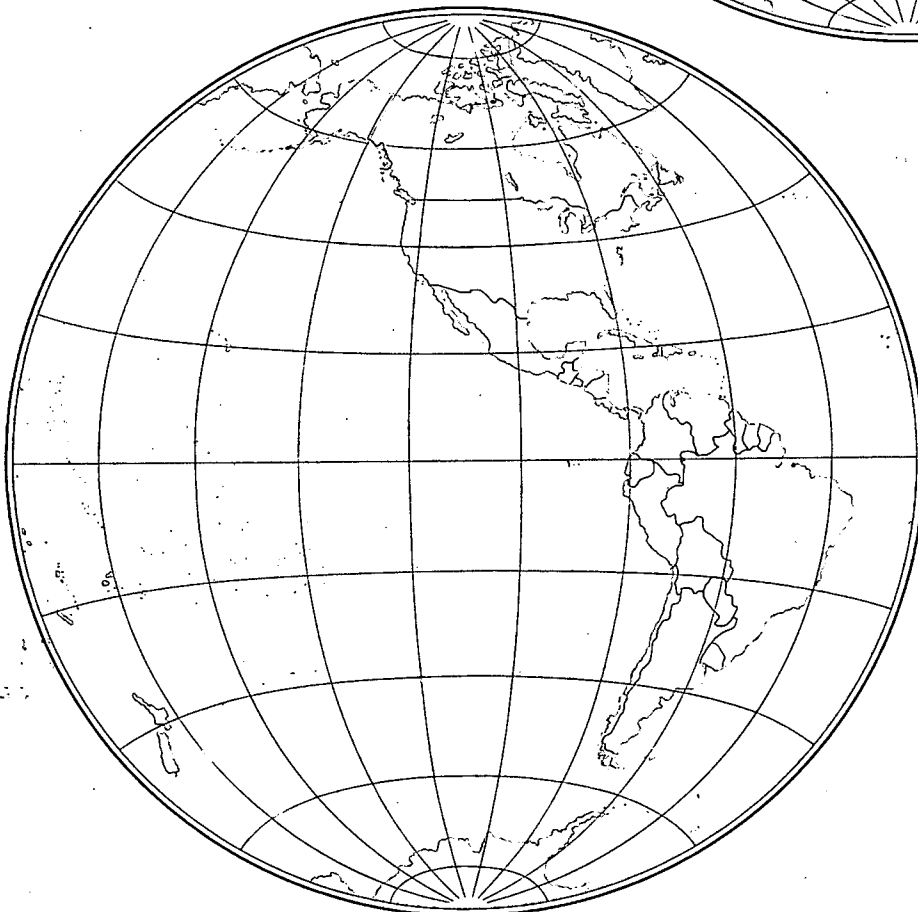
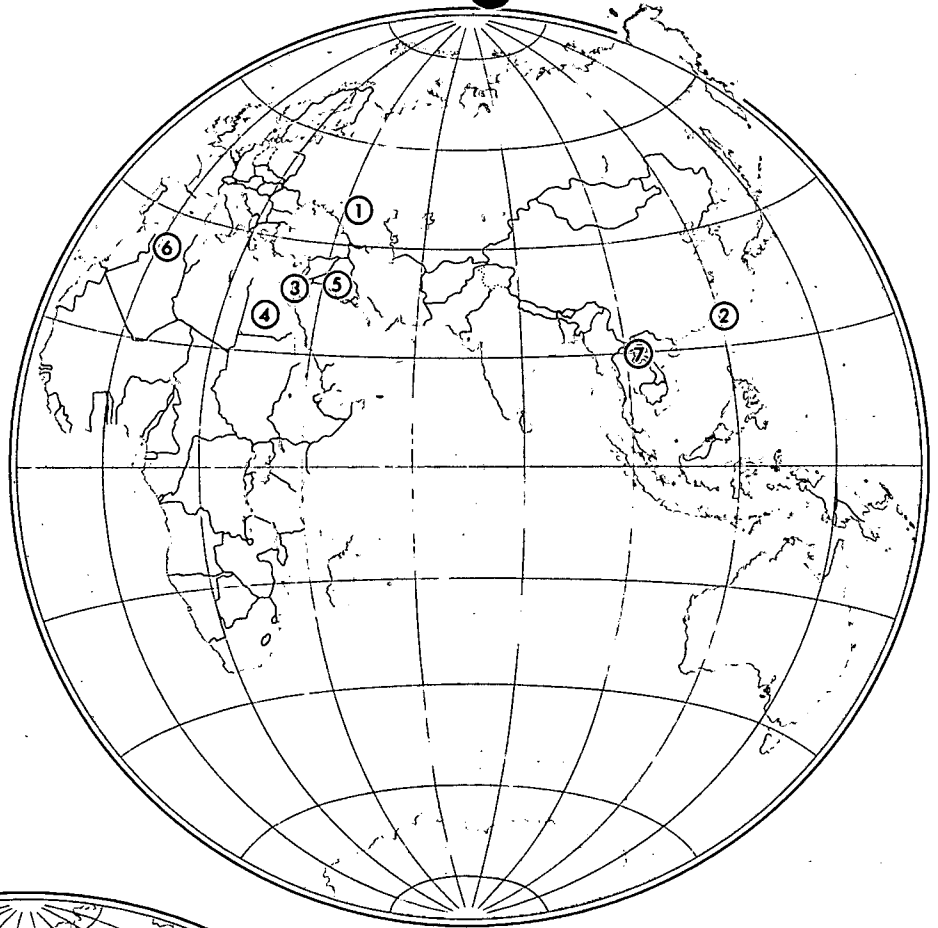
JAEIC statement on Soviet explosion of 3 November. ①

Chinese Nationalists attempt to counter rumors of negotiations with Peiping. ②

II. ASIA-AFRICA

Israeli naval operations may cause incidents with UAR. ③

USSR has responsibility for "execution" as well as "technical study" of Aswan Dam project. ④

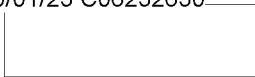


- ⑤ Iraq - Qasim turns down Arif's request for permission to return.
- ⑥ Algerian rebels seek further shipment of arms from Iraq. (EIDER)
- ⑦ Laos - Government's position precarious.

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CENTRAL INTELLIGENCE BULLETIN

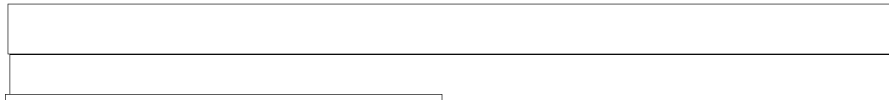
4 November 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

JAEIC statement: The Joint Atomic Energy Intelligence Committee made the following announcement at 1400 hours on 3 November:

"The Atomic Energy Detection System has reported that an explosion occurred at about 0929 GMT on 3 November 1958, in an area centered at 49.5° North, 48° East (approximately 100 nautical miles northeast of the Kapustin Yar rangehead). Signals have been reported from three acoustic stations. Additional signals may be expected at a later time."



Nuclear confirmation cannot be expected prior to 9 November 1958."

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"Additional evidence on 1 November test: Five low-amplitude electromagnetic signals at 1009:16.6 GMT have been obtained for the previously reported event of 1 November. This evidence, together with the event on 3 November at about the same location, definitely establishes the 1 November event as a nuclear explosion. The height of burst of the 1 November test may have been anywhere between a few thousand and 100,000 feet."

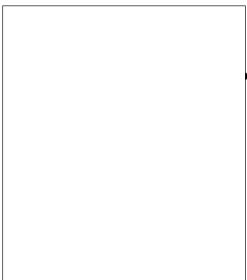
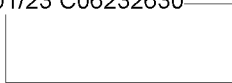



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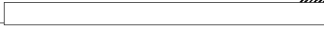


Taiwan Strait situation: The Chinese Nationalists are attempting to counter rumors of negotiations between Peiping and Taipei. Vice President Chen Cheng is soon to make a speech denouncing these rumors as a Communist plan "to sow the seeds of distrust" between the United States and the Chinese Nationalists. 

(Page 1)

II. ASIA-~~AFRICA~~

no

The Arab-Israeli situation: The Israeli Navy plans extensive operations at sea this week. It may operate in waters within a 12-mile limit which the Egyptians have sought to enforce off the Mediterranean coast of Sinai. In early October an Egyptian attempt to capture an Israeli vessel seven miles out from Gaza was thwarted by the arrival of Israeli aircraft. Further similar incidents seem likely. 



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4 Nov 58

DAILY BRIEF

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Iraq: Prime Minister Qasim has denied a request from Vienna by former Deputy Premier Arif for permission to return to Baghdad and has ordered him to proceed to his post as ambassador in Bonn.

The Qasim regime apparently believes that the return of the pro-UAR Arif might further threaten the government's stability.

Arif has been expected by his supporters to return this week.

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Algeria-Iraq:

the Algerian rebels have "urgently" asked Baghdad to ship by air certain weapons and ammunition--including bazookas, antitank grenades, and pistols. The "remainder" of the arms allotment, of unspecified size, was to go by sea to Alexandria. Two Iraqi military transport aircraft arrived in Bengasi, Libya, on 21 October with an earlier arms shipment which was almost certainly destined for Algeria. Iraq has extensive stocks of British-made small weapons and ammunition.

me
Laos: The precariousness of Prime Minister Phou's position is highlighted by recent reports of factional intrigue and loss of confidence within his own party. His role as champion of reforms which are bitterly resisted by elements within conservative ranks is causing him to question the viability of his government.

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I. THE COMMUNIST BLOC

Taiwan Strait Situation

The Chinese Nationalists are attempting to counter rumors that negotiations are in progress with the Chinese Communists, according to Chiang Ching-kuo, Nationalist security boss and elder son of Chiang Kai-shek. They plan to have Vice President Chen Cheng make a major speech charging the Chinese Communists with conduct of a widespread propaganda campaign through letter writing, rumors, and other devices.

The Nationalists are expressing concern over the activities of Chang Shih-chao, whom the Communists allegedly dispatched recently to Hong Kong with large sums of money to influence pro-Nationalist and Third Force Chinese leaders in the British colony. They are apparently less concerned about the activities of Tsao Chu-jen, a Hong Kong journalist who has passed rumors of negotiations to the press and has written letters containing alleged Communist "negotiation" offers to Chiang Ching-kuo and other top Nationalist officials. The Nationalists believe Tsao to be an opportunist and, unlike Chang, not a bona fide Communist emissary.

Some Taiwan "liberal" and anti-Kuomintang newspapers have begun to call for "realism" in admitting that a Nationalist counterattack against the mainland cannot now take place. These newspapers argue that in order to further political preparations for the recovery of the mainland, such repressive measures as the restrictive publications law should be repealed.

One newspaper, noting that in the past the government has "shouted too much about counterattack," urged the convening of an Anti-Communist National Salvation Conference, representing all free Chinese, to raise the morale of Overseas Chinese and to discuss means of taking the political offensive against the Communists. The American Embassy notes that this demand probably stems from a liberal belief that the holding of such a conference would somehow bring about an effective opposition party to the Kuomintang.

The Chinese Communists continue to reject the idea of a "cease-fire," describing it as a "vicious plot" which is not relevant to the current Strait situation. A People's Daily commentary of 3 November reiterates Peiping's standard formula that

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the principle of renouncing force is useful only in settling international disputes and should never be used as an "instrument of interference" in the internal affairs of other countries--a label it has applied to the Taiwan Strait issue. The commentary singles out Foreign Secretary Lloyd's support of the United States and his praise of Chiang Kai-shek as "glaringly hostile activities." In a relatively mild rebuke the paper notes that Britain has diplomatic relations with Peiping, yet continues to act "extremely unfriendly toward China."

Chinese Nationalist Vice President Chen Cheng's references on 1 November to an attack on the mainland probably prompted Peiping to show the Nationalists the realities of the offshore islands situation. A sharp outburst of shelling on 3 November totaled over 36,000 rounds, according to the Nationalist Defense Ministry. Besides attempting to emphasize the hopelessness of a "return to the mainland," the shelling was probably intended to dispel any notions that Peiping will allow tension in the area to subside at this time. The Communists' warning from the "Fukien Front," which preceded the 3 November outburst, reminded "compatriots" on Chinmen of the "odd day" and suggested that Peiping hopes it can force the Nationalists to re-supply only on Communist-designated dates.

On 2 November a Chinese Nationalist convoy landed 3,200 tons of supplies on Chinmen. This convoy was the first to reach the island since the Communists resumed firing on 20 October. Adverse weather has thwarted all other attempts, except for a negligible amount delivered by air.

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II. ASIA-AFRICA

Laotian Government's Position Precarious

Prime Minister Phoui Sananikone's role as champion of reforms bitterly resisted by members of his own party--the Rally of the Lao People (RLP)--is causing him to question the viability of his government. Phoui attributes the failure of the RLP to support him fully to the "unreconstructed" attitude of RLP deputies and the ambitions of former cabinet ministers. He also is critical of young reformist members of his cabinet for gratuitously antagonizing RLP deputies.

Foreign Minister Khampan Panya has expressed serious concern as to whether the government is able to withstand pressures from disgruntled elements within the RLP. He observed that most RLP deputies are in severe financial straits as a result of expenditures during the May electoral campaign and resent the reforms, which ended the import license bonanza. Khampan believes that the deputies are prepared to take out their resentment on the Phoui government.

Illustrative of the precariousness of Phoui's position were developments in the National Assembly on 31 October, when two RLP deputies joined the opposition to bring about a vote of 22 to 20 for a seven-day extension of the assembly. Phoui responded to this challenge by forcing the cloture of the assembly that day as previously scheduled. He has since received reports that the assembly may be called back into extraordinary session to allow dissatisfied RLP deputies an opportunity to join with the opposition and topple the government.

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The Vice President

Executive Offices of the White House
Special Assistant for National Security Affairs
Scientific Adviser to the President
Director of the Budget
Office of Defense and Civilian Mobilization
Special Assistant for Security Operations Coordination
Board of Consultants on Foreign Intelligence Activities
Special Assistant for Foreign Economic Policy
Special Adviser to the President

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State
The Under Secretary of State
The Under Secretary of State for Economic Affairs
The Deputy Under Secretary for Political Affairs
The Deputy Under Secretary for Administration
The Counselor
Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense
The Deputy Secretary of Defense
The Secretary of the Army
The Secretary of the Navy
The Secretary of the Air Force
The Chairman, The Joint Chiefs of Staff
Commandant, United States Marine Corps
The Director, The Joint Staff
Chief of Staff, United States Army
Chief of Naval Operations, United States Navy
Chief of Staff, United States Air Force
Assistant to Secretary of Defense for Special Operations
Director for Intelligence, The Joint Staff
Assistant Chief of Staff for Intelligence, Department of the Army
Director of Naval Intelligence, Department of the Navy
Assistant Chief of Staff, Intelligence, Department of the Air Force
Supreme Allied Commander, Europe
Commander in Chief, Pacific

The Department of the Interior

The Secretary of the Interior

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

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