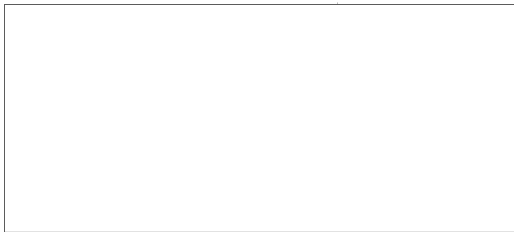


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3 September 1959



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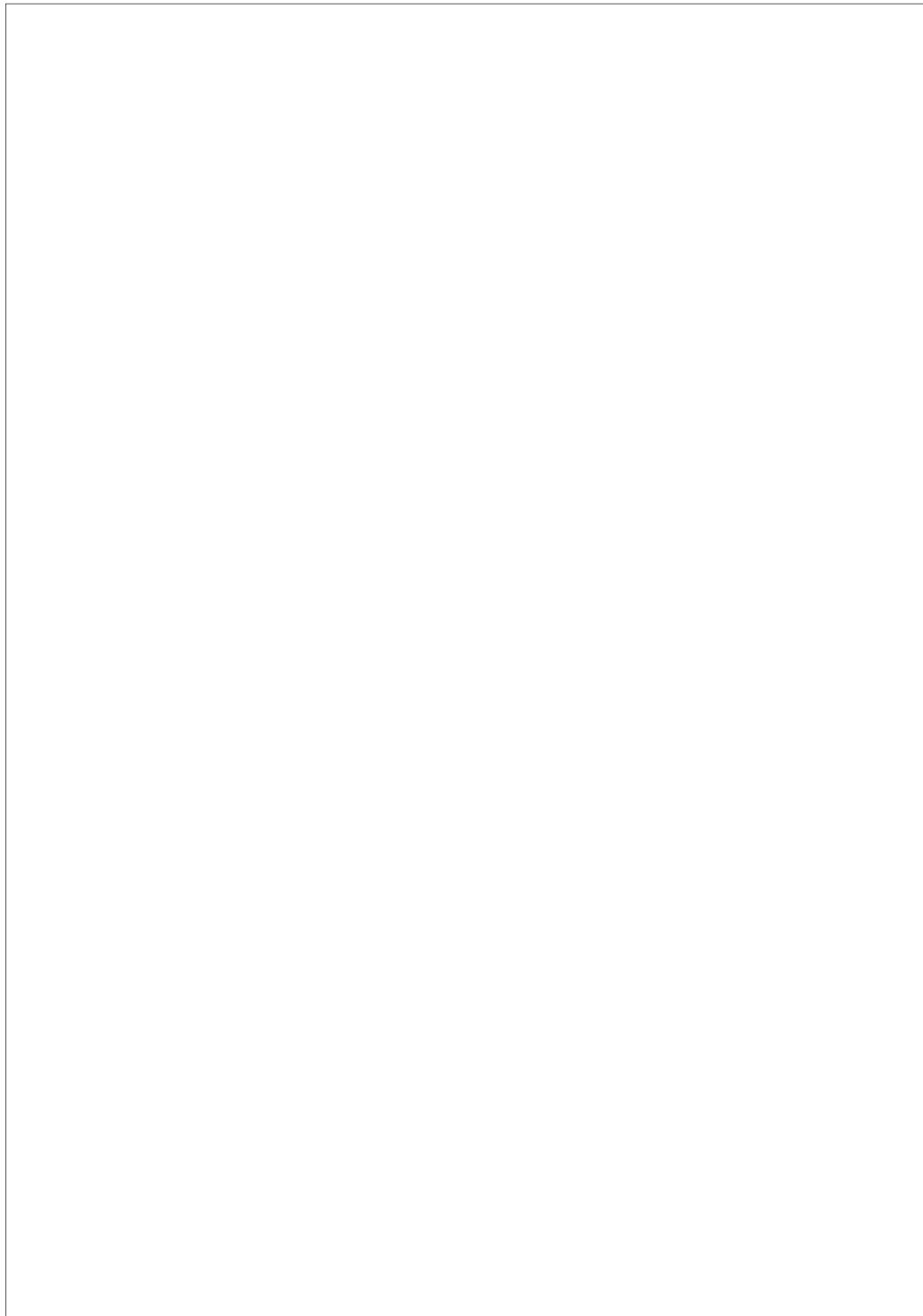


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Speech by Chinese Communist foreign minister on Laos contains what may be hint of willingness to negotiate Sino-Indian border issue.

II. ASIA-AFRICA

Laos--Communists may be accelerating efforts to capture Sam Neua Province.

India--Menon temporarily sustained as defense minister but pressures for his removal expected to continue.

Iraq preparing to airlift arms shipment to Algerian rebels via Libya.

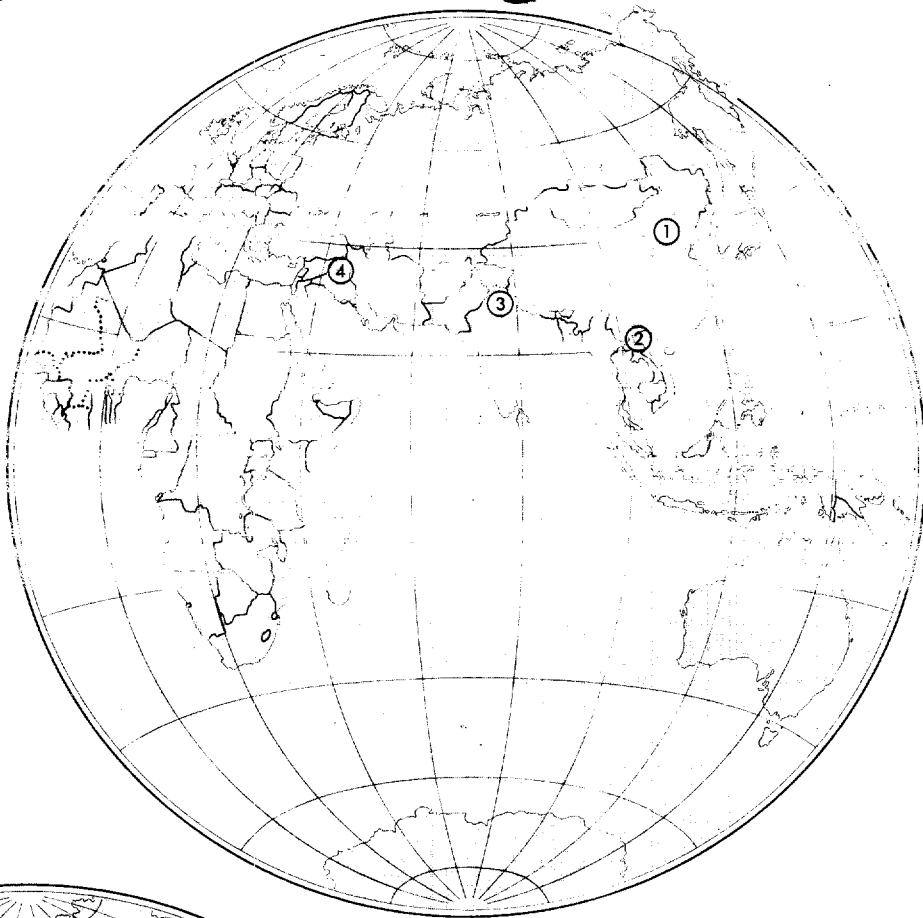


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CENTRAL INTELLIGENCE BULLETIN

3 September 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

Communist China - India: What may be a hint of Chinese willingness to negotiate the Sino-Indian border issue is contained in a speech by Peiping's foreign minister on 2 September primarily directed toward developments in Laos. Denying that China had ever encroached on the territory of another country, he advocated "peaceful negotiations" for settling international disputes. Meanwhile, Peiping is watchful of Indian activity in the area. [redacted] Despite New Delhi's protests, the Chinese are severely restricting the movements of Indian nationals in Tibet. [redacted]

Watch Committee conclusion--Taiwan Strait: [Available information on air, ground, and naval activities does not indicate that a major military undertaking by the Communists is in preparation for the immediate future. However, the Chinese Communists retain the capability to initiate military action in this area with little or no warning.] [redacted]

II. ASIA-AFRICA

Laos: The capture of several government posts on 30 August in Sam Neua Province, apparently by coordinated attacks on a broad front, may signal accelerated Communist military operations to capture Sam Neua Province. The attacks could be intended to relieve pressure on the Communist forces from the Laotian Army's recent counteroffensive efforts. Preliminary reports [redacted] indicate that significantly more troops were involved in the Communist attacks than in previous engagements [redacted] some of them may

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have come from North Vietnam. (Government troops have set up a defensive line northeast of the town of Sam Neua, apparently in anticipation of a Communist drive on this provincial capital.)

(Page 1) (Map)

Watch Committee conclusion--Laos: (Dissident elements have recently increased their military operations in northern Sam Neua Province. The dissidents, with probable North Vietnamese assistance, appear to be attempting to establish themselves in a strong position, particularly in the northern provinces, which they could use as the basis for political negotiation or for the expansion of military operations to include the greater portion, if not all, of the country, should government resistance weaken.)

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India: Defense Minister Krishna Menon seems temporarily secure in office as a result of Nehru's strong support for him in Parliament on 2 September, and he may now depart on 6 September as scheduled to head the Indian delegation at the UN General Assembly session in New York. Menon's absence during the period of this session would prevent him from involving himself in the details of the army's Tibetan border operations and would permit greater freedom of action for army commander General Thimayya, who has withdrawn his resignation. Deep-seated antagonisms between Menon and numerous highly placed personages throughout India will persist, however, and pressure for his removal from office would probably be even stronger should the Tibetan border crisis still exist at the time of his return. Menon's absence in New York would provide Nehru with a grace period in which to find alternative employment for Menon should pressure for his ouster continue unabated.

(Page 3)

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Iraq-Algeria: A shipment of munitions is ready for transport from Iraq to the Algerian rebels, [redacted]. The shipment, which includes 350,000 rounds of small-arms ammunition badly needed by the rebels, is to be flown from Iraq to Libya and then presumably moved overland

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DAILY BRIEF

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into Algeria. Obstacles facing the rebels include Tunisian President Bourguiba's opposition to the movement of arms shipments through Tunisia as well as the increased effectiveness of French barriers along the Algerian border. French sensitivity to such shipments may lead to renewed reconnaissance overflights of Libya.

Watch Committee conclusion--Middle East: (Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq and Iran. The initiation of significant hostilities is unlikely in this area in the immediate future.)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Laos

The heavy Communist attacks in northeastern Sam Neua Province which began on 30 August may signal stepped-up operations to seize control of the province. The attacking force, which the US army attaché estimates may have totaled three battalions, seized a number of lightly garrisoned Laotian Army posts along the Nam Ma River.

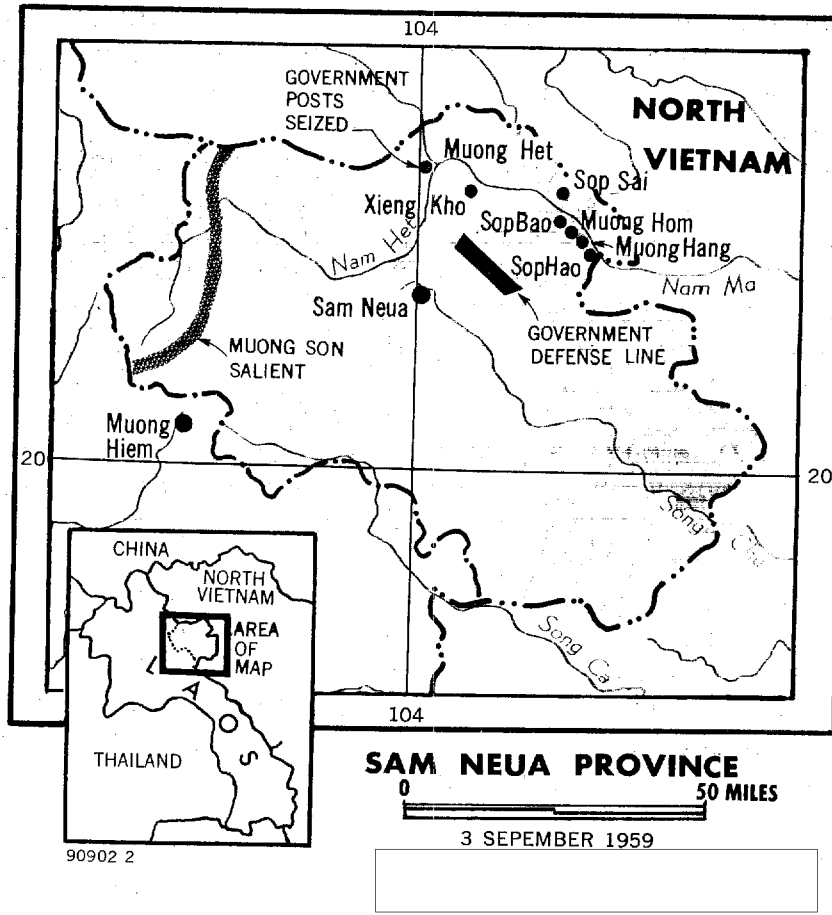
the Communist units contained a heavy percentage of North Vietnamese soldiers and that these units were supported by 81-mm. and 120-mm. mortar fire. These claims are unconfirmed. The Laotian commander in northern Laos says that the attack on Muong Het was supported by artillery fire from the North Vietnam frontier, although this may have been confused with mortar fire.

The attacks came at a time when the Laotian Army was initiating offensive operations against the Communist-held Muong Son salient in western Sam Neua. The immediate Communist objective may be to spread out Laotian Army forces and reduce the pressure on Muong Son. However, the attacking forces would appear to be of sufficient force to press southward and threaten Sam Neua town, the provincial capital. Laotian military officials stated on 2 September that rebel forces had penetrated to within 18 miles of that town. Government troops have set up a defensive line northeast of the provincial capital.

Meanwhile, Communist partisans are threatening Muong Hiem in northeastern Luang Prabang, (and a post in southern Xieng Khouang Province reportedly is under Communist control.)

The bloc countries remain firm in their demand for the recall of the International Control Commission to Laos and continually accuse the US of deliberately engineering the present crisis. In a speech made on the occasion of North Vietnam's National Day, 2 September, Premier Pham Van Dong stated that US policy "directly and seriously threatens North Vietnam and jeopardizes peace in Indochina and Southeast Asia." Immediately

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afterward, however, Dong commented on the forthcoming Eisenhower-Khrushchev talks in a hopeful tone, remarking that "the Vietnamese people believe that this exchange will help to settle problems between the East and West." In view of the context, this statement suggests that Hanoi may expect the Soviet premier to discuss the Laotian situation during his US stay.

Chen Yi, the Chinese Communist foreign minister, also spoke on the Laotian issue at a banquet celebrating the same national holiday. Using language almost identical to Hanoi's in castigating US activities in Laos--but adding that these actions menace the security of China as well as North Vietnam--he categorically stated that the "neutrality of Laos must be guaranteed in accordance with the provisions of the Geneva agreements."

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Nehru Retains Krishna Menon as Defense Minister

Prime Minister Nehru has temporarily eased the crisis caused on 31 August by the resignation of army commander General Thimayya as the result of friction with Defense Minister Krishna Menon. Nehru in Parliament on 2 September praised Krishna Menon's work and said he had found only one instance of Menon interfering with army recommendations. He stated that on that occasion he had agreed with Menon. Nehru called Thimayya an able general but criticized him for resigning at the present time for "trivial" reasons. The prime minister indicated that both men would remain in their posts.

The anti-Menon movement obviously is not solely a personal Menon-Thimayya feud over administrative matters, as is suggested by the wording of Thimayya's resignation. It appears rather to be a widespread effort to force Menon out of office. This is indicated by a number of virtually simultaneous developments in New Delhi, Bombay, and Calcutta between 30 August and 1 September. Anti-Chinese demonstrations in Calcutta on 30 August, before Thimayya's resignation was submitted, included a call by Atulya Ghosh, a West Bengal Congress party leader, for Menon to resign. Anti-Chinese demonstrations in Bombay on 1 September also included a demand for Menon's departure. Leaders of the Socialist party and the rightist Jan Sangh party have demanded Menon's resignation, and the president of the Jan Sangh has denounced Menon as 'pro-Communist.' Articles in various Indian newspapers, including the pro-Congress Amrita Bazar Patrika of Calcutta, have accused Menon of partisanship in handling national defense matters. Earlier, some papers had charged him with trying to build a personal "empire" within the armed services. There also were requests from the floor of Parliament on 1 September that Menon clarify his position.

The tenor of all demonstrations and articles linked Menon with leftism and accused him of a pro-Chinese attitude. Typical was the question asked on 2 September by a member of Parliament who queried why Menon had been quick to accuse Pakistan

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of aggression when it shot down an Indian Canberra bomber over Pakistani territory some months ago, while he remained silent regarding recent Chinese Communist incursions into Indian territory along the Tibetan border.

Deep-seated friction between Menon and government and military leaders is almost certain to continue if Menon stays in office. Among other things, the military probably view leftist-minded Menon as a security risk when Sino-Indian matters are involved. Menon's probable attendance from 6 September at the three-month UN General Assembly session in New York would remove him from direct contact with detailed military activities during that period, however. It would also provide Nehru with an opportunity to find a face-saving alternate position for Menon if the pressure for his ouster continues. This pressure is likely to increase materially if Menon returns from the UN session before the Tibetan border crisis has ended and he remains in office.

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The Department of Commerce

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