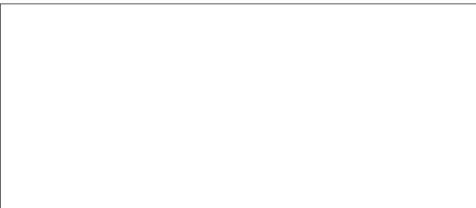


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15 October 1959




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CENTRAL INTELLIGENCE BULLETIN



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15 OCTOBER 1959

I. THE COMMUNIST BLOC

Soviet ambassador to Communist China replaced.

Indonesian foreign minister, after visit to Peiping, sees China as growing problem for future in Asia.

Bloc continues to negotiate arms and economic aid with UAR despite irritation at Cairo's policies.

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II. ASIA-AFRICA

Strained Saudi Arabian - ARAMCO relations make shutdown of TAPLINE increasingly likely.

UAR orders its missions to propagandize Nasir's statement that he will accept UN resolutions if Israel does likewise. (TOP

Imam of Yemen asks Nasir for \$58,000,000 loan.

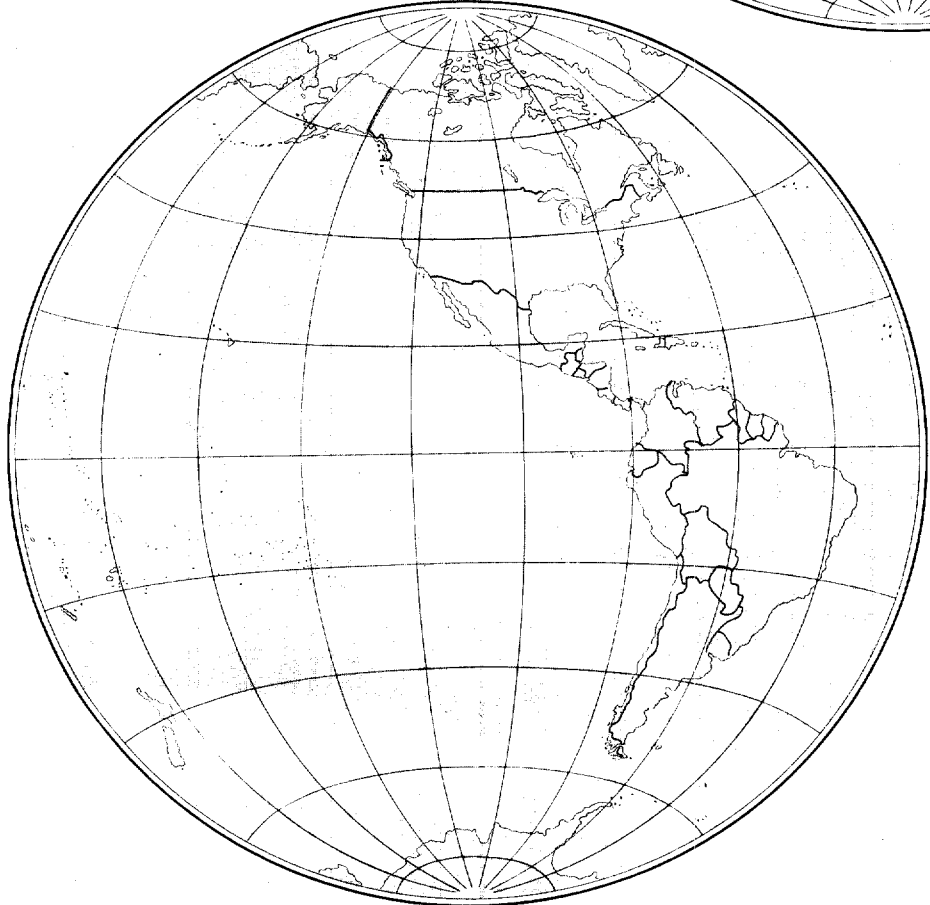
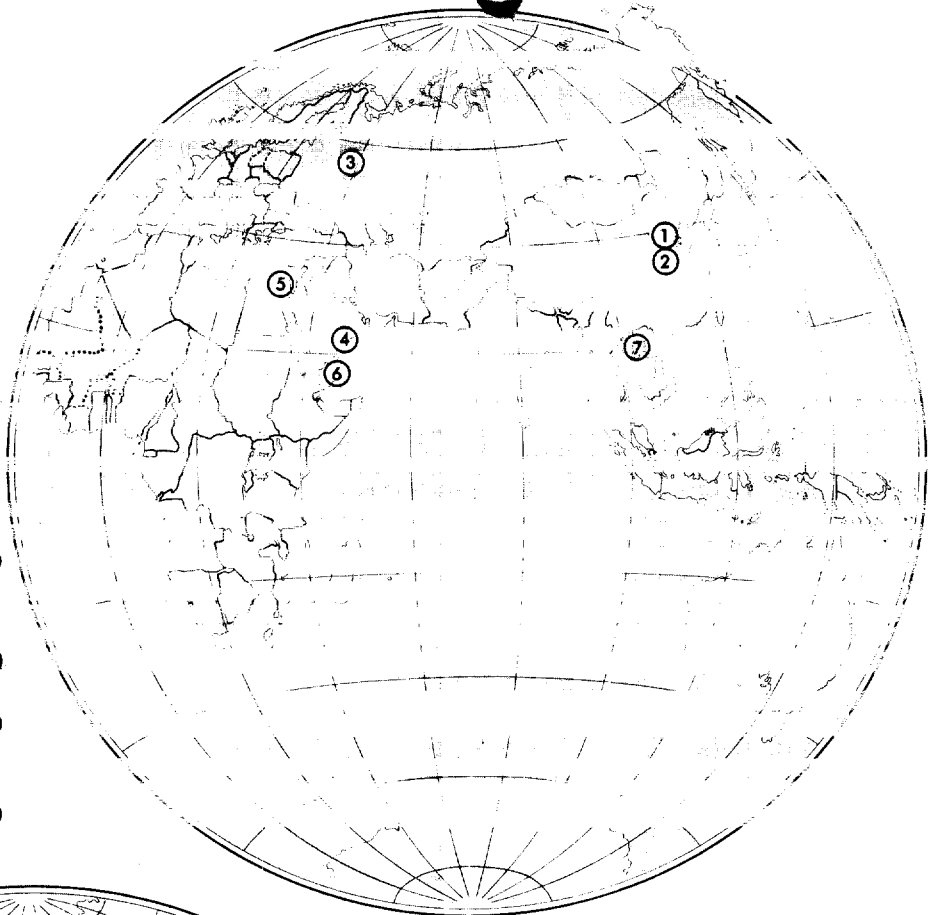
South Vietnam concerned over deteriorating security in southern Laos; plans to expand training of Laotian troops.

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CENTRAL INTELLIGENCE BULLETIN

15 October 1959

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

OK

USSR - Communist China: Pavel Yudin, Soviet ambassador to Communist China since December 1953, has been replaced by a relatively obscure Ukrainian party secretary, Stepan Chervonenko. Yudin, once one of the Soviet Union's top ideologists, was due for reassignment and has been absent from his post for long periods during the past two years. Chervonenko accompanied Khrushchev on the Chinese trip and was apparently designated for the job well in advance of the official announcement. Yudin's transfer, therefore, may be routine. However, the action, coming at a time when Sino-Soviet relations apparently are strained, and the obscurity of the replacement, could be further indications of irritation between Peiping and Moscow.

[Redacted]

No

Indonesia - Communist China: Foreign Minister Subandrio's recent trip to Peiping resulted in a tentative agreement for the establishment of a Sino-Indonesian working group for "solving the problem of the Overseas Chinese in Indonesia,"

[Redacted]

This arrangement may eventually involve some modification of Djakarta's ban on alien merchants in rural areas.

[Redacted]

After leaving Peiping, Subandrio [Redacted] he was taken aback by Chinese Communist arrogance and seeming confidence and believes China will pose an increasing problem for Asia in the future.

(Page 1) [Redacted]

No

Bloc-UAR: [Redacted] negotiations for long-term economic and military aid are continuing in Moscow, even though there has been increasing irritation between the bloc and Cairo over the past two months. A Czech trade delegation is due to arrive in Cairo this week. It is expected to include officials who are authorized to negotiate a new military aid agreement with the UAR. The delegation will probably also discuss Prague's September offer of economic assistance.

(Page 2) [Redacted]

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II. ASIA-AFRICA

NO
Saudi Arabia: [The relations of the managements of ARAMCO and the Tapline Company with Prince Faysal and Petroleum Director Tariki have become so strained by a number of issues that a shutdown of the Tapline is increasingly likely. For further details on this situation, see page 3.]

NO
UAR-Israel:

[] the UAR has ordered its diplomatic missions abroad to launch a large-scale propaganda campaign to exploit Nasir's 8 October press interview in which he stated willingness to accept all United Nations resolutions for settlement of Arab-Israeli problems, provided Israel also accepts them. The Israelis have dismissed his interview as "deliberate propaganda."

Nasir probably hopes his campaign will put Israel on the defensive, create an impression of UAR moderation, and improve his international prestige, particularly in the West. Some of his recent statements also suggest that he may have a growing respect for the authority and effectiveness of the UN.

[] (Page 4)

NO
Yemen-UAR: The Imam asked Nasir [] for a loan of 20,000,000 Egyptian pounds (about \$58,000,000 at the official exchange rate) to assist him in unspecified "projects" which he intends to undertake. Although Nasir has indicated willingness to help solve the Imam's financial difficulties, he is unlikely to furnish an amount of this size. He is likely to make a small-scale effort to assist in order to placate the Imam, who has shown signs of being disturbed by UAR activities in Yemen. [] (Page 5)

NO
South Vietnam - Laos: [The Diem regime in South Vietnam is becoming increasingly concerned over what it regards as worsening security conditions in adjacent southern Laos. South Vietnam reportedly intends, with Laotian cooperation, to expand its training of Laotian military personnel and to send additional civilian propaganda and welfare teams into Laos. Saigon's increasingly activist]

15 Oct 59

DAILY BRIEF

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[role in Laos risks provoking countermeasures by North Vietnam affecting not only the Laotian situation but also South Vietnam's internal security.] [redacted]
(Page 6)

Watch Committee Conclusions: [Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in Laos and in the Middle East, particularly in Iraq.] [redacted]

M/O

Laos: [Dissident activity has remained at a low level. The dissidents, however, with probable North Vietnamese assistance, continue to have the objective of establishing themselves in a strong position which they could use as the basis for political bargaining or for the expansion of military operations.] [redacted]

Middle East: [The situation in Iraq remains tense. While order has been well maintained, factional strife may break out and further attempts against Qasim are possible. In these circumstances, the UAR may become more deeply involved.] [redacted]
[redacted]

15 Oct 59

DAILY BRIEF

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~~TOP SECRET~~ [REDACTED]

I. THE COMMUNIST BLOC

Indonesian Talks in Peiping Reported Unsuccessful

Indonesian Foreign Minister Subandrio [REDACTED]

[REDACTED] he had made no progress with Peiping on the Overseas Chinese problem during his 7-11 October visit to China; he seemed incensed over the treatment he had received. Apparently he had made the visit at his own initiative, in an effort to overcome Chinese opposition to an Indonesian decree requiring withdrawal of alien merchants from rural areas. Prior to the trip, he had confided to the American ambassador in Djakarta that Communist China was exerting "terrific" pressure for repeal of the decree./

Subandrio speculated in Hong Kong that Communist China's strong position in behalf of Overseas Chinese stemmed from a desire to maintain them as a potential vehicle for new aggressive designs. He said he was taken aback by Chinese arrogance and seeming confidence, and believes China will be an increasing problem for Asia in the future. He felt the Chinese position was a denial of the Bandung declarations.

Despite failure to resolve difficulties over the decree, tentative agreement was reached for the establishment of a Sino-Indonesian negotiating group for "solving the problem of Overseas Chinese in Indonesia," [REDACTED]

[REDACTED] In addition to considering the problems posed by Chinese merchants, this group may also address itself to implementation of the 1955 treaty abolishing dual nationality for Overseas Chinese in Indonesia. Ratification instruments putting the treaty into effect reportedly will be exchanged soon. The treaty requires Overseas Chinese to choose either Indonesian or Chinese citizenship within two years.

[REDACTED]

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~Bloc-UAR Aid Negotiations Continuing

[redacted] a
Czech trade delegation is scheduled to arrive in the UAR this week and that the delegation will include negotiators "to conclude the military agreement."

The UAR last month asked Czechoslovakia to provide additional military goods, including spare parts for the arms previously received. At that time, Prague expressed its displeasure with Cairo's "discriminatory" policy on pricing cotton exports. UAR officials have since stated that once the cotton-pricing problem is solved the arms agreement probably will be concluded. In addition to trade and arms, the Czech delegation presumably will discuss Prague's offer of last September to extend \$28,000,000 in economic aid.

[redacted] in addition, that negotiations for long-term Soviet economic and military aid are continuing in Moscow. The remaining contracts for projects called for under the Soviet \$175,000,000 economic aid credit are being worked out. Moreover, the UAR arms-purchasing mission in Moscow now is contracting for the delivery of materiel under a new major agreement, the general terms of which were agreed to in August by Moscow and Cairo.

These negotiations are taking place against a background of increasing irritation between the bloc and Cairo. On 10 October, Radio Moscow in an Arabic broadcast accused Cairo of seeking military aid from the West and apparently sought to imply that bloc aid programs might be affected if relations continued to deteriorate. On 12 October, Cairo's Al Ahram replied with an editorial accusing Radio Moscow of committing "several unpardonable blunders of late" and denying the UAR had requested Western arms. [redacted]

[redacted]

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II. ASIA-AFRICA

~~TOP SECRET~~ [REDACTED]ARAMCO's Position in Saudi Arabia Endangered [REDACTED]

[Relations of the Arabian American Oil Company (ARAMCO) and the Trans Arabian Pipeline Company (TAPLINE) with Prime Minister Faysal and Petroleum Director Abdullah Tariki have become so strained that a shutdown of the Tapline carrying Saudi oil to the Mediterranean now appears increasingly likely. Tariki claims ARAMCO has been diverting profits and calculates that the company owes the government more than \$180,000,000. He has rejected all company proposals to negotiate and apparently has Faysal's complete support for a plan "to own and operate ARAMCO or to destroy it.")

[Since a settlement of the ARAMCO-Saudi dispute has been a precondition in TAPLINE's parallel negotiations with the UAR for increased transit fees for the pipeline passing through Syria, Cairo now may implement its earlier ultimatum to TAPLINE that it must pay these fees by the end of October or face the imposition of a tax which will bring in the amount of money demanded. TAPLINE's position is that the proposed UAR tax is contrary to the company's concession agreement with the Syrian Region and will therefore be ignored. TAPLINE plans to continue operations unless shut down by direct UAR action.]

[In anticipation of such a shutdown, the owners of TAPLINE--the same American oil companies which own ARAMCO--have given orders to speed construction of a pipeline to increase Saudi oil export capacity at the Persian Gulf.]

[King Saud, who has been gathering political support in recent months, may use the approaching oil crisis to provide additional justification for an attempt to reassert his own authority. There are signs of increasing frictions between Saud and Faysal. For example, [REDACTED] Saud has issued orders to the director of broadcasting that no statement made by Faysal could be published until it had been cleared by himself. Concern that Saud might move to enhance his own authority has already caused the crown prince to put off a contemplated trip abroad for medical treatment of his serious stomach disorders.] [REDACTED]

~~TOP SECRET~~ [REDACTED]

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UAR Propaganda to Stress Willingness to Accept UN Resolutions
On Israel

Cairo has instructed its diplomatic missions abroad to launch a large-scale propaganda campaign pegged to Nasir's 8 October press interview advocating acceptance of all United Nations resolutions on Arab-Israeli problems and a UN commission for implementing the resolutions. Nasir specifically declared himself willing to accept the 1951 resolution on freedom of transit through the Suez Canal. He added the condition that Israel must also accept the resolutions.

The Israeli reaction, as Nasir probably anticipated, was to dismiss his remarks as "deliberate propaganda." Israel has frequently expressed its readiness to negotiate with the Arabs, but has consistently rejected any suggestion on implementation of the 1948 resolution on repatriation or compensation of the Arab refugees and--like the Arabs--has opposed implementation of the UN's 1947 resolution on the partition of Palestine.

Nasir probably hopes to create the impression that he is sponsoring a moderate approach to the solution of Arab-Israeli problems and in this way to improve his international prestige, particularly in the West. He is almost certainly aware of the unfavorable picture of him fostered by his adamant stand against Israeli transit of the canal, and is also anxious to smooth the way for Western approval of his request to the World Bank for funds to improve the waterway. In some of his recent statements, however, there has been an indication of a growing, genuine respect for the UN's authority and ability to implement its decisions.

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~~TOP SECRET~~Imam Requests \$58,000,000 Loan From Nasir

Imam Ahmad of Yemen asked UAR President Nasir [redacted] [redacted] for a loan of approximately 20,000,000 Egyptian pounds (about \$58,000,000) to assist him in unspecified "projects." He had previously advised Nasir of his need for an indefinite sum, and apparently received Nasir's assurances of assistance. Nasir is unlikely to provide such a large amount, but probably will offer some assistance in order to avoid offending the Imam, who has shown signs of displeasure over recent UAR activities in Yemen.

The Imam's need for funds is known to be urgent, as reflected in his recent decision to reduce the pay of civil servants and the army. The sum requested, however, is believed to be considerably more than that required for meeting usual government expenses. The reference to "projects" suggests new undertakings. There have been numerous reports that the Imam hopes to lessen his dependence on the Sino-Soviet bloc by drawing funds from the UAR, but there is no indication that he has actually adopted such a policy.

The Imam may also be considering some action against the British-supported federation of Arab states in the Aden Protectorate. The request may be merely a maneuver, however, to get as much assistance from Nasir as possible, and the Imam probably has as little concern over repayment of this loan as he has over his other international financial commitments. [redacted]

[redacted]

~~TOP SECRET~~

~~TOP SECRET~~South Vietnam Increasingly Concerned Over Laos

[The Diem regime, which has closely followed developments in Laos since the outbreak of Communist hostilities there in mid-July, is becoming increasingly concerned over stepped-up dissident activity in the southern Laotian provinces adjacent to South Vietnam. Vietnamese leaders are particularly disturbed by the "vacuum" in southern Laos resulting from the commitment of the bulk of Laotian forces in the north. They fear that a critical situation inimical to South Vietnam's security is developing there.]

[The Diem government has been in close consultation with Laotian leaders during the past few months, and reportedly has engaged in contingency planning for joint anti-Communist efforts. President Diem recently informed American officials in Saigon that, in agreement with Lao officials, South Vietnam intends to expand its training of Laotian military personnel and to send additional "civic action" teams, made up of personnel trained in propaganda and welfare work, into Laos. Diem and his advisers additionally have long considered the covert introduction into southern Laos of Vietnamese troops disguised as civilians as a means of bolstering limited Laotian security assets.]

[Meanwhile, South Vietnam has augmented its representation in Vientiane, and stepped up its intelligence operations in Laos, [redacted] South Vietnam's newly appointed ambassador to Laos, [redacted] is known as a loyal supporter of the Diem government's "activist" wing.]

[Saigon's increasing role in Laos risks provoking counter-measures by North Vietnam affecting not only the Laotian situation but possibly also South Vietnam's internal security.] [redacted]

~~TOP SECRET~~

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Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

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

Assistant Secretary of Defense for International Security Affairs

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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 Army

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