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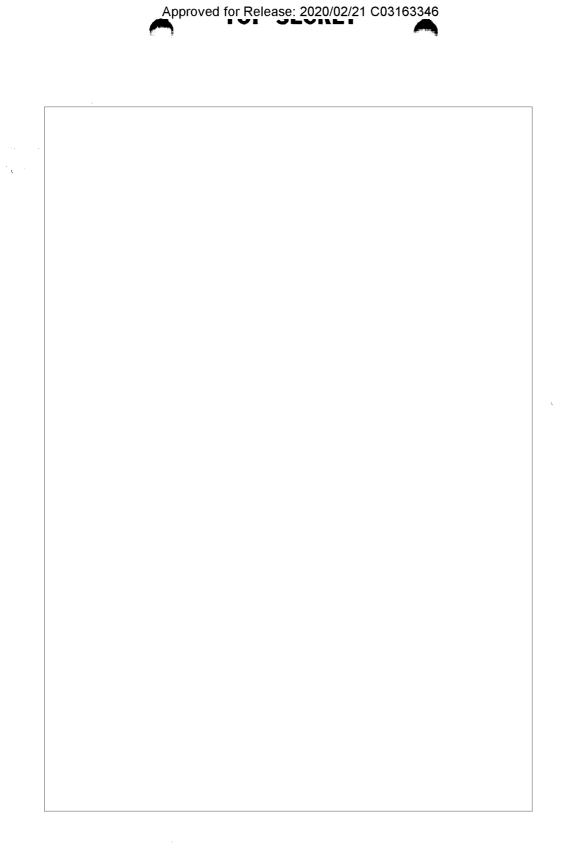
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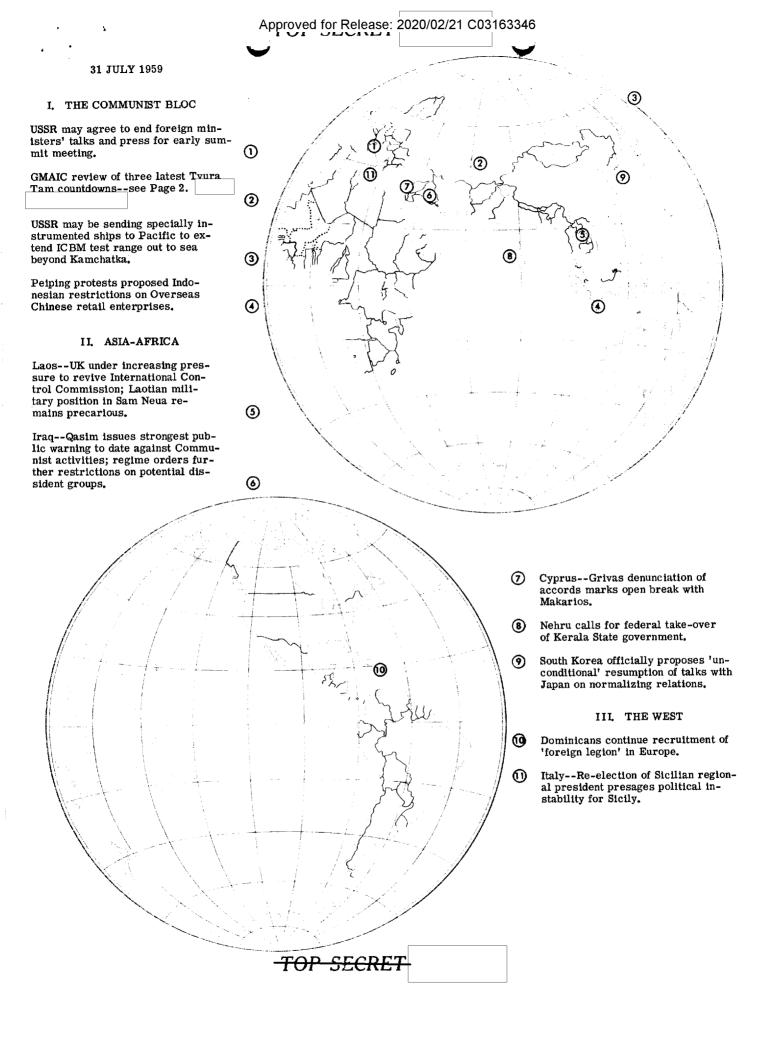
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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

BIRAB

I. THE COMMUNIST BLOC

USSR-Geneva: Khrushchev's renewed call for a summit meeting in his speech on 28 July, taken with the absence of any important modifications in Gromyko's positions at Geneva, suggests that Moscow may agree to terminate the Geneva talks and then press for an early summit meeting. Gromyko may, however, make some last-minute adjustments on such problems as the link between an interim Berlin arrangement and all-German negotiations. If these do not produce agreement, he may propose that the foreign ministers prepare a document setting forth their differences and agree on a date for a summit conference. (Page 1)

NO

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Soviet missile tests: For the 30 July review by the US Guided Missile and Astronautics Intelligence Committee of the three operations during the past week at Tyura Tam Missile Test Range, see Page 2.

USSR: Four Soviet auxiliaries, fitted with extensive electronics equipment and tentatively classified as missile-range instrumentation ships, are en route from the Baltic Sea to the Northern Fleet area. It is possible that some or all of these ships may be transferred to the Soviet Far East via the Northern Sea Route, in order to extend instrumentation facilities for ICBM testing beyond the Kamchatka Peninsula into the Pacific Ocean. (Page 4)

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Communist China - Indonesia: Peiping has asked for reconsideration of the recent Indonesian decree which after 1 January 1960 will prohibit alien ownership of retail enterprises except in metropolitan areas. The law is directed

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Primarily at the Overseas Chinese. Peiping is reported to be 'very disturbed' and says that if the law becomes effective, full compensation for those affected will be essential to continued good relations and further economic aid for Indonesia. Djakarta may proceed cautiously with implementation since enforcement could have severe repercussions on the Indonesian economy. (Page 5)

II. ASIA-AFRICA

Laos: Additional pressure for reactivation of the International Control Commission in Laos is being placed on the UK by its Geneva cochairman, the USSR. Although Britain has thus far opposed such a step, the current fighting and the threat of expanded hostilities involving North Vietnam may force it to reassess its position. Meanwhile, the Laotian Government's military position in Sam Neua Province continues precarious despite the arrival of some reinforcements. Skirmishes in central Laos have also been reported.

*A late, unconfirmed report states that an enemy band, allegedly North Vietnamese elements, overran a government outpost in the far northern Province of Phong Saly on 29-30 July. (Page 6)

<u>Iraq:</u> Prime Minister Qasim's denunciation of 'anarchist' elements in his 29 July press conference is the strongest public warning he has yet given to the Communist press and front forganizations to mend their ways. Published decrees

indicate that the government meanwhile has taken further steps to reduce the capabilities of potential dissident groups, especially the Communists. Members of the Communist-infiltrated Popular Resistance Force have been forbidden to wear their uniforms, more stringent orders have been issued restricting the use of firearms by the population rand at least in southern Iraq the offices of the Communist party

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newspaper have been ordered o	closed. The effectiveness of
some of these measures, parti	cularly orders to turn in arms
is doubtful.	(Page 8)

Cyprus: The 29 July announcement in Athens by former EOKA leader Grivas that he "dissociated" himself from the February agreements settling the Cyprus dispute has brought his rift with Archbishop Makarios into the open. Makarios appears convinced he can defeat Grivas in a contest for political supremacy at this time. The outcome of the struggle between the two will depend largely on the attitude of former lieutenants of Grivas in the EOKA movement, several of whom are currently working with Makarios in the transitional Cypriot cabinet.

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*Meanwhile, the denunciation of Grivas and strong support for Makarios contained in Premier Karamanlis' 30 July statement will probably cause the ex-EOKA leader to hasten his formal entrance on the Greek political scene. Opposition politicians in Athens have long hoped to capitalize on Grivas' popularity to bring down the government.

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on 30 July to suspend parliamentary government in Kerala and take over direct administration of the state probably will result in a proclamation imposing President's Rule shortly. Dismissal of the Communist state government on grounds that it was unable to function constitutionally and maintain internal stability will be a serious setback to Communist prestige throughout India. In turn, the Congress party in Kerala will face a critical test in the period prior to new state elections, which are likely to be held within six months. The Communists retain considerable strength in the state, and the present close cooperation among anti-Communist groups may deteriorate once the Communist government is ousted. (Page 9)

NO

Japan-Korea: South Korea officially proposed to Japan on 30 July the "unconditional" reopening of talks for the normalization of relations, which would include the question of repatriating Koreans to South Korea. Seoul's reported position that the talks would not touch on Tokyo's policy of repatriating some

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Koreans to North Korea, if adhered to, would be a significant reversal of the Rhee government's attitude. Korean officials have previously indicated their hope that a resumption of talks with Tokyo would delay any repatriation to North Korea, and might even result in North Korea's abrogation of the agreement with Japan

*Japan has informed the US of its agreement in principle to resume negotiations on the basis of Seoul's proposal

(Page 10)

III. THE WEST

Dominican Republic: Trujillo's agents continue their recruiting of Europeans for use in possible Caribbean fighting. Some of the estimated 275 "immigrants" who already arrived are now reported under arms, and flight clearances for early August are being sought for several hundred Greeks apparently being assembled in Vienna. Cuba or Venezuela may use the issue of "foreign mercenaries" against Trujillo at the inter-American meeting of foreign ministers convening on 12 August. (Page 12)

Italy: The re-election of former Christian Democrat Silvio Milazzo as chief of the Sicilian regional government--mainly with Communist and Nenni Socialist votes--threatens a period of instability in Sicily that will have repercussions at the national level. The Rome government's policy of collaboration with the right-wing parties received a setback in Sicily and has been the object of increasing criticism within the Christian Democratic ranks. (Page 13)

IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Communist China. NIE 13-59. 28 July 59.

Committee Charles 1122 20 001 20 0019 000

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Khrushchev Renews Call for Summit Meeting

Khrushchev's statement in his speech at Dnepropetrovsk on 28 July that the "time has come" for the heads of government to tackle "complex unsettled international issues" suggests that he is less hopeful about drawing further concessions from the Western foreign ministers on the key issue of all-German negotiations. The tenor of his speech and the absence of any important modifications in the Soviet positions on an interim Berlin arrangement and all-German talks in the paper Gromyko handed the Western ministers the same day may indicate the USSR will now press for an early summit meeting.

Khrushchev made a perfunctory appeal to the ministers to "exert fresh efforts" to reach agreement "on what they can agree upon," but contended that the "other, more difficult matters, matters of principle, will be considered by the heads of government," He rejected the "pessimistic estimates" of prospects at Geneva made by "some Western leaders" and claimed that the foreign ministers have already accomplished some "positive work,"

The Soviet premier, however, continued to insist on linking an all-German committee to an interim Berlin settlement, saying the USSR "attaches great importance to the solution of these questions."

In anticipation of an early conclusion of the foreign ministers' talks, Gromyko may make some last-minute adjustments on such Soviet positions as the link between a Berlin arrangement and all-German talks, the 18-month time limit on a Berlin agreement, and the 3,000- to 4,000-man ceiling for "token" Western forces in West Berlin. If these moves do not produce agreement, he may propose that the ministers prepare a document setting forth their differences and agree on a date for a summit conference.

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GMAIC Statement on ICBM Tests

The Guided Missile and Astronautics Intelligence Committee on 30 July sent the following conclusions to USIB:

- 1. During the past week there have been three ICBM-associated countdowns on the Tyura Tam Missile Test Range (TTMTR). All of these operations were different in some respects from any intercepted previously, and were also different from each other.
- 2. Various unilateral assessments have been made as to what actually occurred, but as noted below, GMAIC can be definite only on the most recent operation.
 - 25 July: There was definitely no launch, but there is a question as to whether a launch or unique practice (8-hour duration) was planned.
 - 27 July: There is some question as to whether a launch actually took place; however, we believe a launch was intended. It is definite there was not a successful flight. The scheduled 8-hour countdown actually lasted more than 16 hours as a result of numerous delays.
 - 30 July: A test ICBM was launched at about midnight EDT, 29-30 July. It reached the vicinity of the Kamchatka Peninsula, and probably impacted in the same land area as noted for several previous shots. This is the first valid attempt to launch at TTMTR after only 4 hours of countdown.
- 3. As a result of these three operations, certain previously valid indicators can no longer be relied upon, especially that a 4-hour countdown is only a practice.

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4. If the above three operations were concerned with the launch of only one missile, then these events may merely indicate test problems and would explain the shortened countdown for the actual launch.

If two missiles were launched (27 and 30 July) about 61 hours apart, the latter on a shortened countdown, it would represent an improvement in range procedures (previous best time --4 days), but further significance cannot be judged at this time. *

5. Additional information will be available in about two weeks, but it may not be sufficient to permit firmer conclusions than those expressed above.

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Movement of Soviet Missile-Range Instrumentation Ships

Four modified Soviet Donbass-class auxiliaries, tentatively classified as missile-range instrumentation ships, left the Baltic Sea on 24 July en route to the Northern Fleet area. These ships recently were fitted with extensive electronic equipment in Leningrad. It is possible that they will be transferred to the Soviet Far East via the Northern Sea Route to extend the Tyura Tam Missile Test Range beyond the Kamchatka Peninsula into the Pacific Ocean.

The USSR conducted two ICBM tests—on 30 May and 9 June 1959—in which the missiles appeared to have impacted in the Pacific Ocean east of Kamchatka. The Donbass—class ships would provide a suitable instrumentation platform for a seaward extension of the test range.

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•			

If these ships are destined for the Far East, they could

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	cern Over Indonesian Restrictions on
Overseas Chinese	
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disturbed!! even the nea	Communist China is 'very
	cent Indonesian decree prohibiting alieness outside metropolitan areas after the
	oan was directed at Overseas Chinese,
	e retail trade in Indonesian villages.
who control most of the	e retair trade in indonesian viriages.
Peining's displeas:	ire was underscored by the fact that
prior to the ambassado	or's departure for Djakarta in mid-
	m personally to ask reconsideration
• •	Chen's tone during the conversation
	sted that the decree might jeopardize
	her economic aid to Indonesia. Chen
served notice that, if the	he ban is enforced, Peiping expects
full compensation for le	osses incurred by Overseas Chinese.
(
Dja karta may proc	eed cautiously in implementing the
	cement could have severe repercus-
	economy. Chinese merchants may
	cree by hiring Indonesians as nominal
heads of their business	es.)

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II. ASIA-AFRICA

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The Soviet charge in London, in a 28 July approach to the Foreign Office, repeated the USSR's arguments for the reconvening of the International Control Commission (ICC) in Laos, alleging that Laos, together with the United States, was violating the Geneva agreements in such a way as to become a military threat to its neighbors. Although the Foreign Office reiterated its opposition to the return of the ICC, it may be forced to reconsider its position by the threat of expanded hostilities in Laos with North Vietnamese participation. Hanoi has categorically denied Laotian accusations that it has instigated the current fighting.

Indian Prime Minister Nehru will probably interpret current developments in Laos as confirmation of his long-standing fear that the Laotian Government's increasingly open identification with the West risks provoking Communist military reaction, upsetting the status quo established by the Geneva armistice in 1954. India can be expected therefore to bring additional pressure on Britain for reconvening of the ICC, at least on a temporary basis. Canada, also a member of the ICC, has sided with the British on this issue but has stated that an outbreak of hostilities would put it in a vulnerable position vis-a-vis India. Laos, however, will continue to resist any move for the ICC's return.

The Laotian Government's military position in Sam Neua Province meanwhile continues precarious despite the arrival of some reinforcements, including paratroop forces. The inhabitants of Sam Neua town have panicked, and a general exodus of civilians and officials has begun by air and on foot. First-hand accounts report that infiltration of the area by Communist partisans is taking place during the confusion.

At least two incidents of harassing attacks on small army detachments in central Laos have occurred since 27 July. These

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appear on the surface to be designed to pin down troops otherwise available as reinforcements for the north, but may be part of a broader Communist plan for country-wide action. The regional military commander has reported he is unable to send even small numbers of troops at present to help Sam Neua.
According to a late, unconfirmed report, government troops at an outpost in the far northern province of Phong Saly were dispersed with casualties after an attack on 29-30 July by an enemy band, allegedly North Vietnamese elements. Phong Saly, along with Sam Neua Province, was a stronghold of the Communist Pathet Lao prior to the settlement reached with the government in 1957.

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Iraqi Prime Minister Publicly Attacks Communists

During his press conference on 29 July, Prime Minister Qasim exuded confidence in the ability of his regime to "crush with overwhelming force" any "anarchist" elements who provoke incidents within the country. Qasim accused the Communist press of fabricating conspiracies against the regime, laid at its door the blame for atrocities recently committed at Kirkuk, and stated that the government had thwarted other Communist-planned uprisings during the 14 July revolutionary celebrations. As usual, he did not mention the Communists by name. While disavowing any intention to impose censorship over the press, Qasim declared that Iraqi journalists would be held directly responsible for inflammatory writings. The Communist-dominated Students' Union was reprimanded for charging the security forces with laxity in prosecuting "conspirators."

The Communists have suffered other reb uffs during the past few days. Training of the Communist-infiltrated Popular Resistance Force has been 'postponed' and its members banned from wearing their uniforms. This order, accompanied by more stringent regulations concerning the carrying of firearms by the population and the forced closing of offices of the Communist party newspaper in southern Iraq, will reduce the party's capabilities if fully enforced.

Anti-Communist Iraqi nationalists have decided to build up			
eir organizations slowly and to refrain from openly participat-			
g in the struggle between Qasim and the Communists,			
Discussions under way to			
rm a coalition of nationalist parties to combat Communist in-			
ence are said to be receiving the support of certain army offi-			
rs. Qasim is contemplat-			
ing further cabinet changes in the near future and that the pro-Com-			
inist prosecutor of the Baghdad People's Court, Col. Mahdawi,			
slated for a post in the provinces. Mahdawi was reported on			
29 July as having requested a rest stating that the count's trials			
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Nehru Recommends President's Rule in Kerala State

Prime Minister Nehru on 30 July advised President Prasad, on the recommendation of the Indian cabinet, to take over direct administration of Communist-governed Kerala State under his emergency powers. Prasad is expected to issue a formal proclamation imposing President's Rule shortly.

New Delhi's intervention will climax a bitter struggle begun by combined anti-Communist groups on 12 June to unseat the Communist government. Suspension of parliamentary government in Kerala--probably accompanied by the dismissal of the Communist ministry--on grounds that it was unable to function constitutionally and maintain internal stability will be a serious setback to Communist prestige throughout India. The party may succeed in saving some face, however, by claiming it was victimized by the central government acting in collusion with the anti-Communist opposition leaders in Kerala. The Communists also plan to launch large-scale retaliatory agitation against Congress party governments in such key states as West Bengal, Andhra Pradesh, and Bombay. Party leaders reportedly have decided, however, to limit their campaign to nonviolent action in order to avoid any further loss of popular support.

With the Communist party returning to a defensive position in Kerala, the Congress and other non-Communist parties will be put to the test. State elections are likely to be held within six months. In order to defeat the Communists and establish a more effective and stable government, the Congress party will have to strengthen its leadership and organization as well as maintain the working relationship with other non-Communist groups. Experience gained in the current campaign against the Communist government has substantially increased the prospect for unity, but the present close cooperation may deteriorate as the competition for power increases. Moreover, the Communist party could recover some of the popular support it has lost in Kerala if President's Rule is prolonged and elections are held after anti-Communist sentiment has subsided.

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South Korea Proposes Resumption of Talks With Japan

In a memorandum to the Japanese Foreign Ministry on 30 July, the South Korean Government has proposed an "unconditional" resumption of talks to normalize relations between the two nations. The memorandum noted that the status and treatment of Korean residents in Japan is a major cause of tension which can be relieved by "mutually arranging" the removal of the difficulties blocking the repatriation to South Korea. If this is done, Seoul is ready to encourage a mass return of Koreans and to expedite the exchange of Japanese fishermen now held in Korea and all Korean detainees in Japan. The Japanese press reports assert that Japan has been assured that the discussions would not involve Japan's policy of repatriating some Koreans to North Korea.

South Korea apparently hopes that a reopening of talks would delay action on Japan's present agreement to return Koreans to North Korea. As recently as 27 July, South Korean Vice Foreign Minister Kim strenuously insisted to Ambassador Dowling that if Japan wants an agreement with Seoul, Tokyo should not object to postponing further negotiations with Pyongyang. He noted that in order to obtain President Rhee's consent for proposing a resumption of talks with Tokyo, he found it necessary to assure him that both the International Committee of the Red Cross and the Japanese Government would cooperate in postponing repatriation to North Korea. Kim has also expressed the hope that a resumption of talks with Tokyo might lead Pyongyang to abrogate its agreement with Japan.

The question of Japan's compensating Koreans returning to South Korea probably will be a major issue in negotiations. Japan has been willing to provide some subsidy, possibly as a resettlement payment, provided Japan can avoid liability for similar payments to Koreans going to North Korea. Seoul has been vague as to the criteria for determining the amount of such payments although it has insisted that payments be publicized as compensation for "forced" Korean labor in Japan.

While Japan expressed its willingness to reopen negotiations with South Korea, it has begun preparations for the

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lay or abr	rogate this agout the repat	greement. riation agre	Pyongyang ement and,	is unlikely to de- is also preparing while urging im- ated its demands
as an ulti				

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III. THE WEST

Dominican Recruiting Activity in Europe Adds to Caribbean Tensions

Agents of Generalissimo Rafael Trujillo, dictator of the Dominican Republic, are continuing to recruit hundreds of Europeans for use in possible Caribbean fighting. The "immigrants" are ostensibly being recruited as skilled workers to improve the Dominican Republic's industrial capability, but reports indicate that some of the estimated 275 recruits who arrived in May and June have joined a force training under former Cuban General Pedraza in preparation for an invasion of Cuba. European recruits also are alleged to have participated in defeating the insurgent landings in June from Cuba.

Most of the recruits already in the Dominican Republic are Spaniards and displaced persons of Eastern European origin. Some are reportedly skilled as mechanics, aviation technicians, and "frogmen," while others are alleged to be laborers or former Spanish legionnaires. While some recruits may be used by the regime as civilians according to their skills, it is suspected that most are slated for service in Trujillo's "foreign legion" that was organized in March with the stated purpose of combating anti-Trujillo plotting.

American International Airlines (AIA), which flew two groups of recruits from Paris in June, Trujillo's agents have made arrangements for sixteen more flights. Eight of these were to leave from Athens, where an estimated 1,000 Greeks were awaiting transportation. Because of the Greek Government's opposition to Greek emigration to the Dominican Republic, however, AIA is now seeking flight clearances in Vienna in expectation of being able to fly several hundred Greeks from there in August.

Cuba and Venezuela may introduce the issue of "foreign
mercenaries" in the Dominican Republic at the inter-American
meeting of foreign ministers convening in Santiago, Chile, on
12 August.

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Sicilian Political Instability Accentuated by Milazzo Success

Silvio Milazzo, leader of a dissident Christian Democratic faction in the Sicilian regional assembly, was re-elected president of the regional government on 28 July by a 45-43 vote, in which he was supported by 21 Communists and 11 Nenni Socialists. Milazzo's victory marked the culmination of a long struggle against a coalition composed of Christian Democrats and rightist parties which succeeded in electing its candidate for regional assembly president on 8 July.

The failure of the Christian Democrats to apply in Sicily the national pattern—a Christian Democratic government supported by the Liberal Monarchist and neo-Fascist parties—will be interpreted by certain influential persons within the Christian Democratic party, notably ex-Premier Fanfani, as a vindication of the concept of an "opening toward the left." Similarly, the critics of the Christian Democratic leadership within the party will argue the merits of dissociating the party from undue clerical influence, pointing to the evident popularity of Milazzo despite the Vatican injunction against collaboration with the Communists.

A Sicilian "cabinet" has not yet been formed and the American Embassy reports Rome political commentators as seeing some slim possibility that before it is formed there will be a reconciliation between Milazzo and the Christian Democrats. Failing such a reconciliation, Milazzo will be under pressure to assign an increasingly important role in the Sicilian administration to the Nenni Socialists and Communists, who constitute his chief support. This will aggravate tensions between Rome and Sicily.

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quent assembly votes.		

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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

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

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The Director of Intelligence and Research

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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

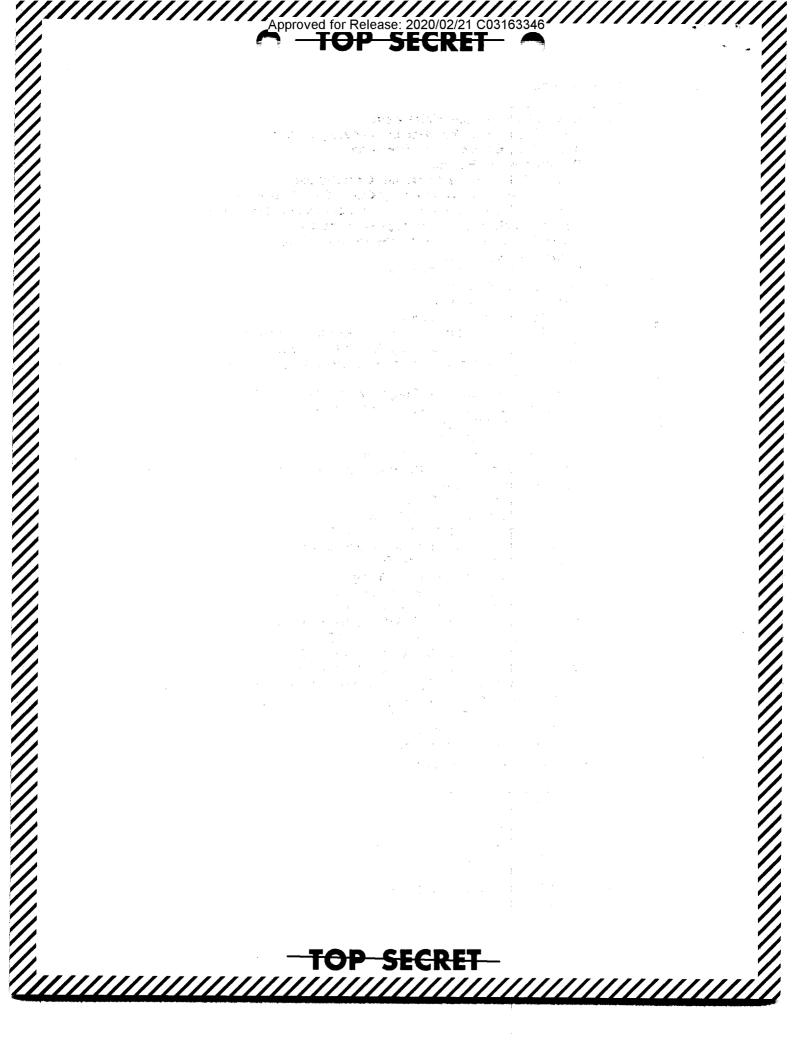
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