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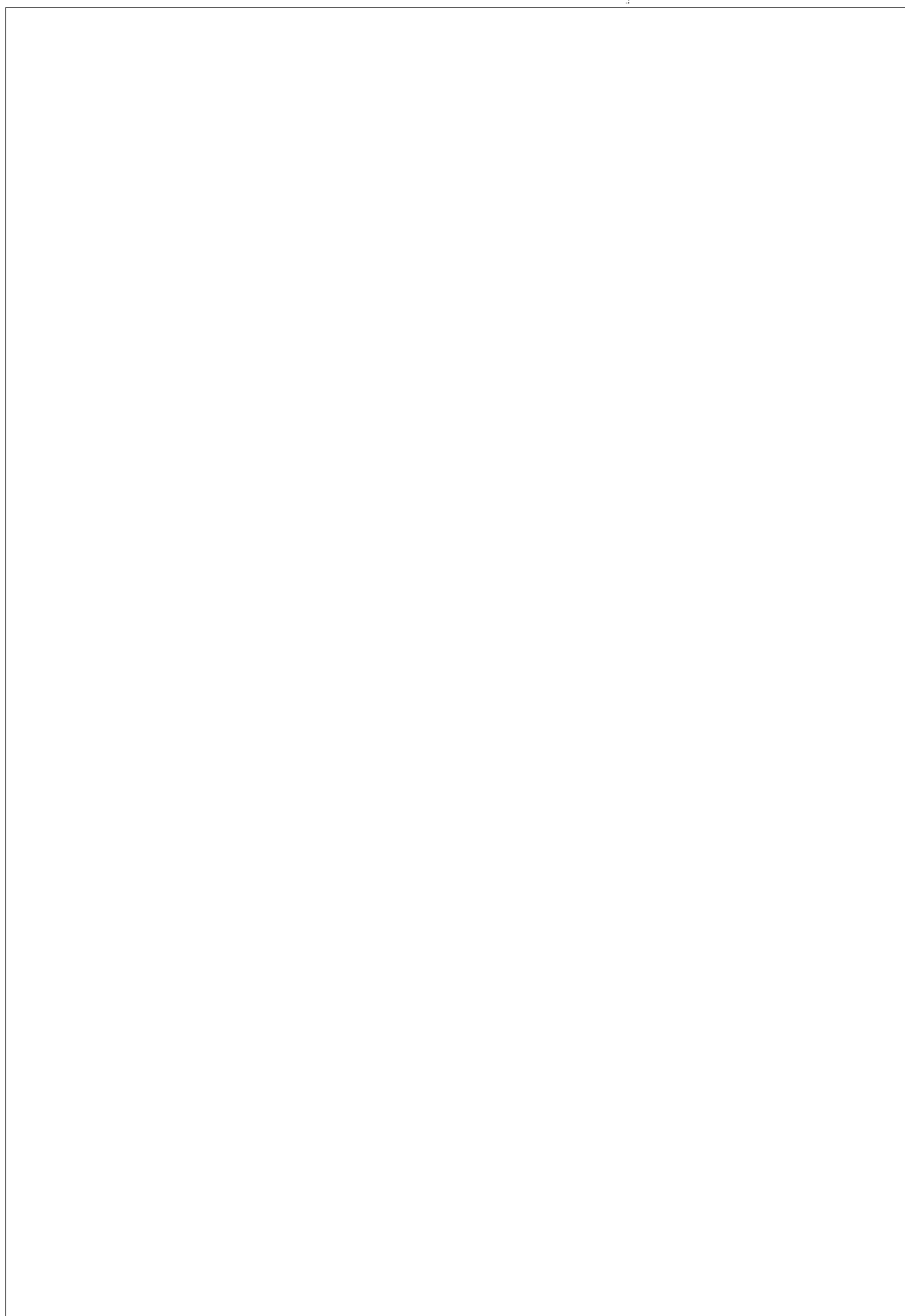
12 February 1960

Copy No. C 68

CENTRAL
 INTELLIGENCE
 BULLETIN



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12 FEBRUARY 1960

I. THE COMMUNIST BLOC

USSR rejects US proposal for treaty on limited nuclear test ban. ①

USSR proposes to build three dams in Iraq. ②

II. ASIA-AFRICA

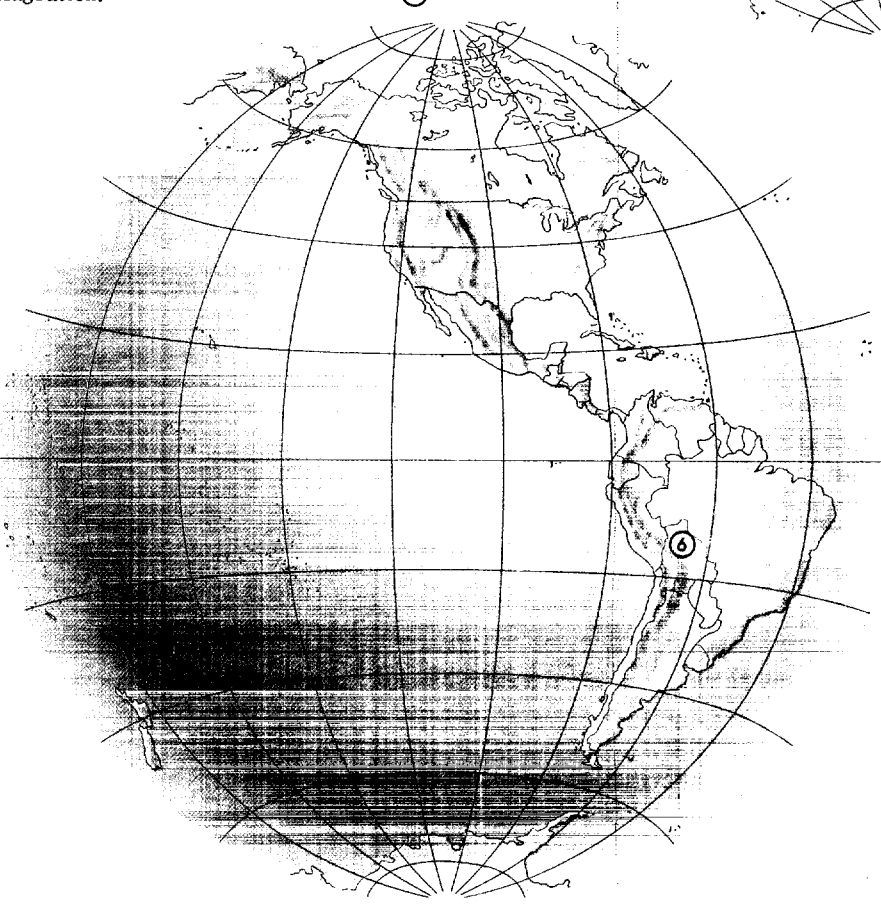
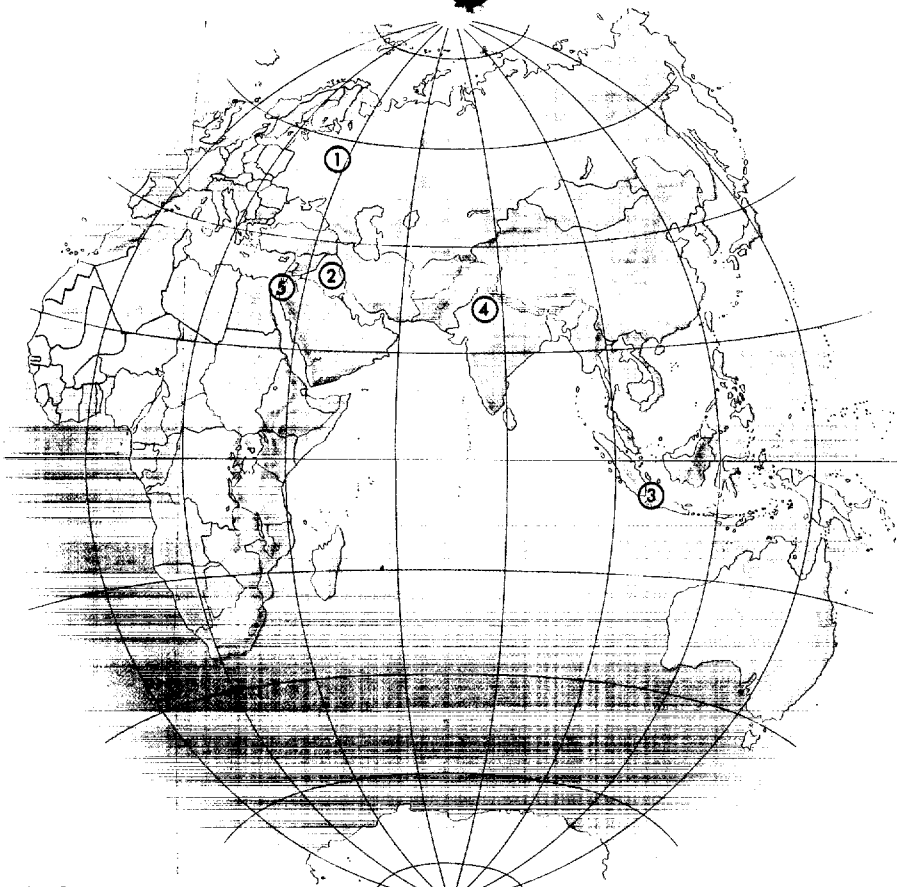
Indonesian Army will oppose any attempt by President Sukarno to appoint Communists to cabinet. ③

Indian press implies Khrushchev's prestige in India will be lowered if he fails to influence Peiping to moderate its stand on border issue. ④

Israelis to continue to send ships to Port Said with cargoes from Israel in effort to obtain UAR agreement to permit use of canal under Hammarskjold formula. ⑤

III. THE WEST

Bolivian Government expects armed conflict between elements of government party before opening of party convention on 15 February; could spark widespread conflagration. ⑥



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CENTRAL INTELLIGENCE BULLETIN

12 February 1960

DAILY BRIEF

SECRET

I: THE COMMUNIST BLOC

NO

*Nuclear Test Talks: Soviet delegate Tsarapkin's immediate rejection of the new American proposal for a limited treaty reflects Moscow's intention to maintain its insistence on a ban on all tests, (apparently on the assumption that further concessions can be extracted from the United States by exploiting Britain's disposition for a compromise arrangement.) The USSR now may seek to drive a wedge between the Western delegations by calling for a moratorium of fixed duration on underground tests below the US-proposed threshold and by agreeing to a joint research program to perfect methods of detecting underground tests. Any Soviet counterproposal along these lines probably would be made conditional on US acceptance of Khrushchev's scheme for an annual quota of on-site inspections of suspected nuclear explosions--a concept first advanced a year ago by Prime Minister Macmillan.

OK

USSR-Iraq: An increase in Soviet economic activity in Iraq, including an expansion of the credit program, may be under way. The chief of the Soviet Hydro-Engineering Design Institute in Moscow has stated that the USSR proposes to build a 330-foot-high dam on the Tigris River and two smaller dams on the Euphrates River, surveys for which have already been completed. The Soviet-Iraqi \$137,500,000 economic aid agreement of early 1959 covered only planning and research for these projects.

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II. ASIA-AFRICA

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Indonesia: General Nasution, Indonesia's army chief of staff and defense minister, has informed anti-Communist political leaders that the army will oppose any attempt by President Sukarno to appoint Communists to the cabinet, which he reportedly wishes to do. Colonel Sukendro, deputy army chief of staff for special affairs, appeared deeply concerned over Sukarno-Nasution relations during an interview with the US army attaché on 9 February. Sukendro stated that apparently Sukarno feels Nasution is becoming "too mighty" and that he has no alternative except to use the Communist party to balance army power. Sukendro had previously given the impression that differences between the two officials were not serious.

NO

Khrushchev Visit to India: The Indian press has prepared the Indian public to expect from Khrushchev during his five-day visit some significant effort to improve Sino-Indian relations. At the same time, a number of influential papers express skepticism of Khrushchev's ability to influence Peiping, thus suggesting that his prestige in India may be lowered if he fails to moderate Peiping's stand on the Sino-Indian border issue.

NO

Israel - Suez Canal: An Israeli Foreign Ministry official has stated that ships with cargoes from Israel will continue as a "matter of principle" to appear at Port Said "from time to time" in attempts to use the Suez Canal under the formula the UAR previously had privately agreed upon with UN Secretary General Hammarskjold. The Israelis presumably expect to benefit diplomatically by keeping the UAR embroiled in the canal controversy.] (Page 1)

III. THE WEST

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Bolivia: The Bolivian Government is expecting armed conflict to erupt between elements of the right and left wings of the government party before the opening of the party convention on

12 Feb 60

DAILY BRIEF

ii

~~SECRET~~

15 February. The right wing may provoke a conflict, [inasmuch as it apparently controls only 15 percent of the convention delegates and may want to disrupt the meeting.] The American Embassy in La Paz reports that, in view of nationwide tension, almost any incident could spark a serious conflagration. [redacted]

[redacted] (Page 2)

IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Probable Developments in Japan Over Next Five Years.
NIE 41-60. 9 Feb 1960. [redacted]

12 Feb 60

DAILY BRIEF

iii

~~SECRET~~

~~SECRET~~

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Israel to Make New Attempts to Send Cargoes Through Suez Canal

[Despite the outcome of the Inge Toft case, Israel has no intention of abandoning attempts to send Israeli cargoes through the Suez Canal, according to an Israeli Foreign Ministry official. "From time to time," ships with cargoes from Israel will appear at Port Said under conditions of the formula privately agreed on last fall by UN Secretary General Hammarskjold and the UAR.]

[The Israeli official asserted that these cargoes will be sent "as a matter of principle" and in order to divert Nasir's attention from Israeli use of Eilat and the Gulf of Aqaba.] The Israelis presumably also expect to benefit diplomatically and to embarrass Nasir by keeping the canal issue alive. The Danish-owned Inge Toft, detained at Port Said since May 1959, is now having its Israeli cargo unloaded and may be released this week. The Greek-owned Astypalea has been interned since December, but its future as a factor in the dispute probably is limited, inasmuch as its charter contract was renewed on 6 February for only two months.

It was the Astypalea which first "tested" the formula which Hammarskjold had negotiated as a means of facilitating passage through the canal for Israeli cargoes. The formula was designed to divest Israel of technical ownership of such cargoes, thereby making it possible in theory for the UAR to allow them through the canal.

[Hammarskjold's visit to Cairo in January failed to resolve the dispute, and the UAR's position now has become more rigid. According to a Foreign Ministry official in Cairo, the UAR "reserves the right" to seize any cargo coming from Israel regardless of the terms of its shipment, and, in addition to its previous ban on Israeli-flag and Israeli-chartered ships, will not allow through the canal any ship owned even in part by Israeli interests.]

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III. THE WEST

Serious New Violence May Break Out in Bolivia

The American Embassy in La Paz warns that almost any incident could spark a serious conflagration in Bolivia, particularly in the mining and agricultural regions, where armed violence occurred in late January.

One imminent source of conflict is preparations for the nominating convention of the governing National Revolutionary Movement (MNR) scheduled for 15 February. The MNR nomination is tantamount to election. There already have been clashes between supporters of Victor Paz Estenssoro and Walter Guevara, left- and right-wing presidential candidates. A group supporting Paz is in armed control of one well-to-do residential section, and the government is expecting serious conflict between the armed civilian militia of the two factions. The right wing may use force to disrupt or postpone the convention, [since Guevara appears to have only 15 percent of the delegates.]

If the convention opens as scheduled, the principal controversy is likely to center on the vice-presidential nomination. Leftist labor leader Juan Lechin appears to be the leading candidate. Paz is heavily indebted to Lechin for his own convention strength but would probably prefer a more conservative candidate.

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Special Assistant for Foreign Economic Policy
Executive Secretary, National Security Council

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Assistant Chief of Staff for Intelligence, Department of Army
Director of Naval Intelligence, Department of Navy
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