

13 April 1961

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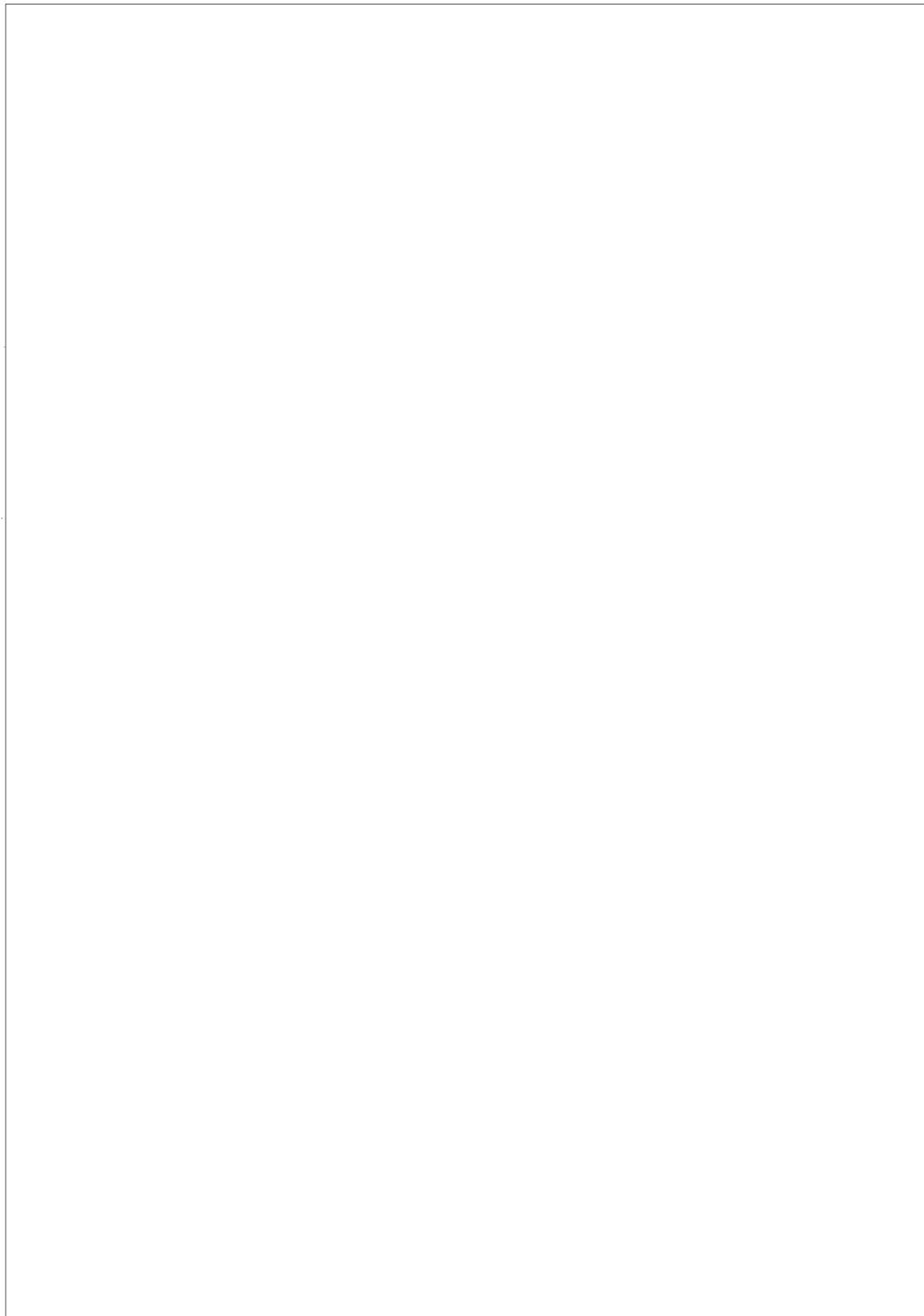
INTELLIGENCE

BULLETIN



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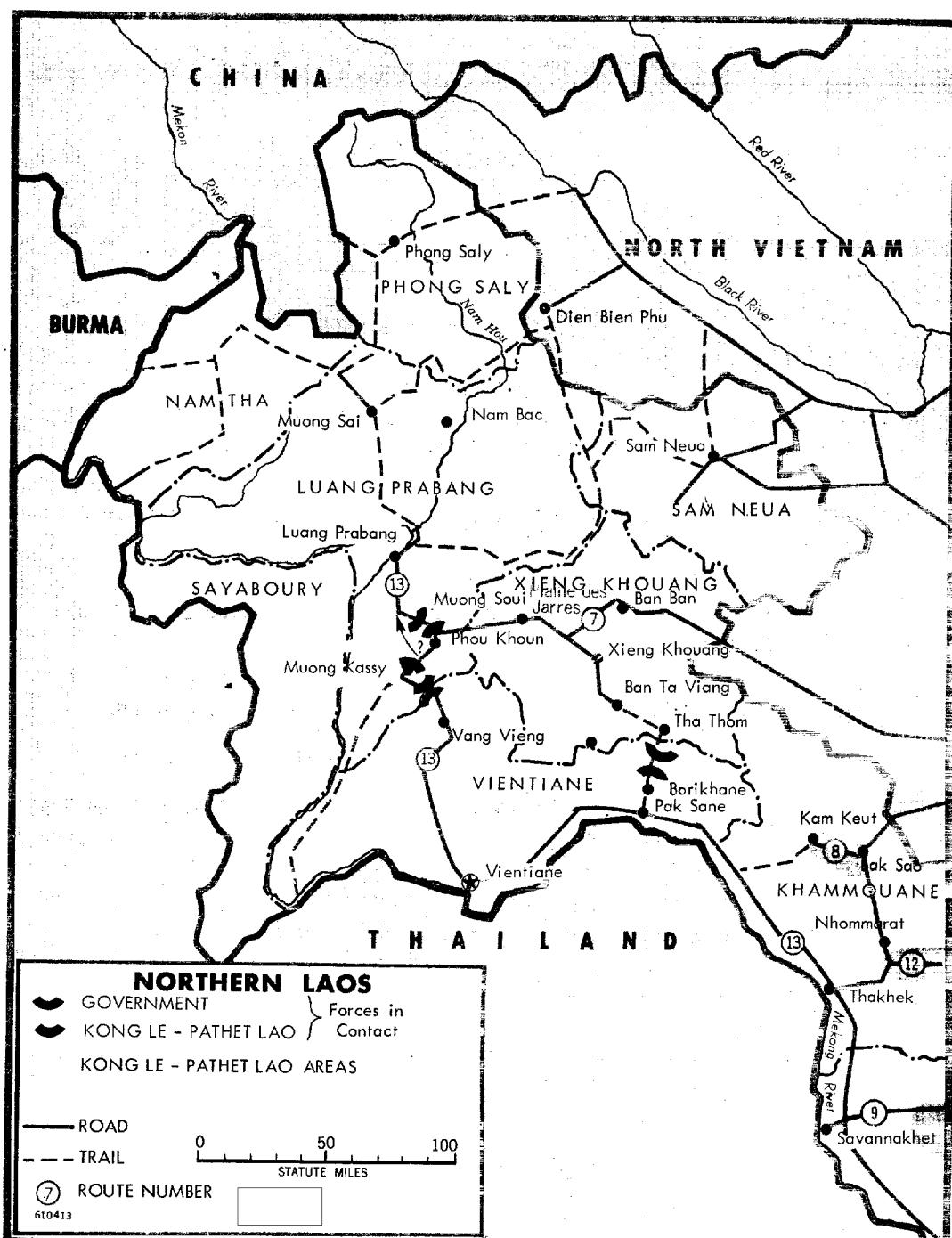
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DAILY BRIEF

*Sirah**No*

Laos: Present thinking by King Savang and General Phoumi is to defer reorganization of the government at least until a cease-fire is effected, possibly even awaiting the outcome of an international conference. They hold that national reconciliation depends on international agreement on a neutral status for Laos, hence any prior internal rearrangement would be meaningless. They do not consider it necessary for Laos to be formally represented at an international conference, although they feel that representatives from the various competing factions--Vientiane, Souvanna, and the Pathet Lao--should be present for consultation.]

Phoumi reportedly has ordered the two government battalions north of Muong Kassy to withdraw to Luang Prabang. Present locations of these forces are unknown, but some elements reportedly have already arrived--apparently via trails--at the government's defense perimeter north of the Phou Khoun road junction.]

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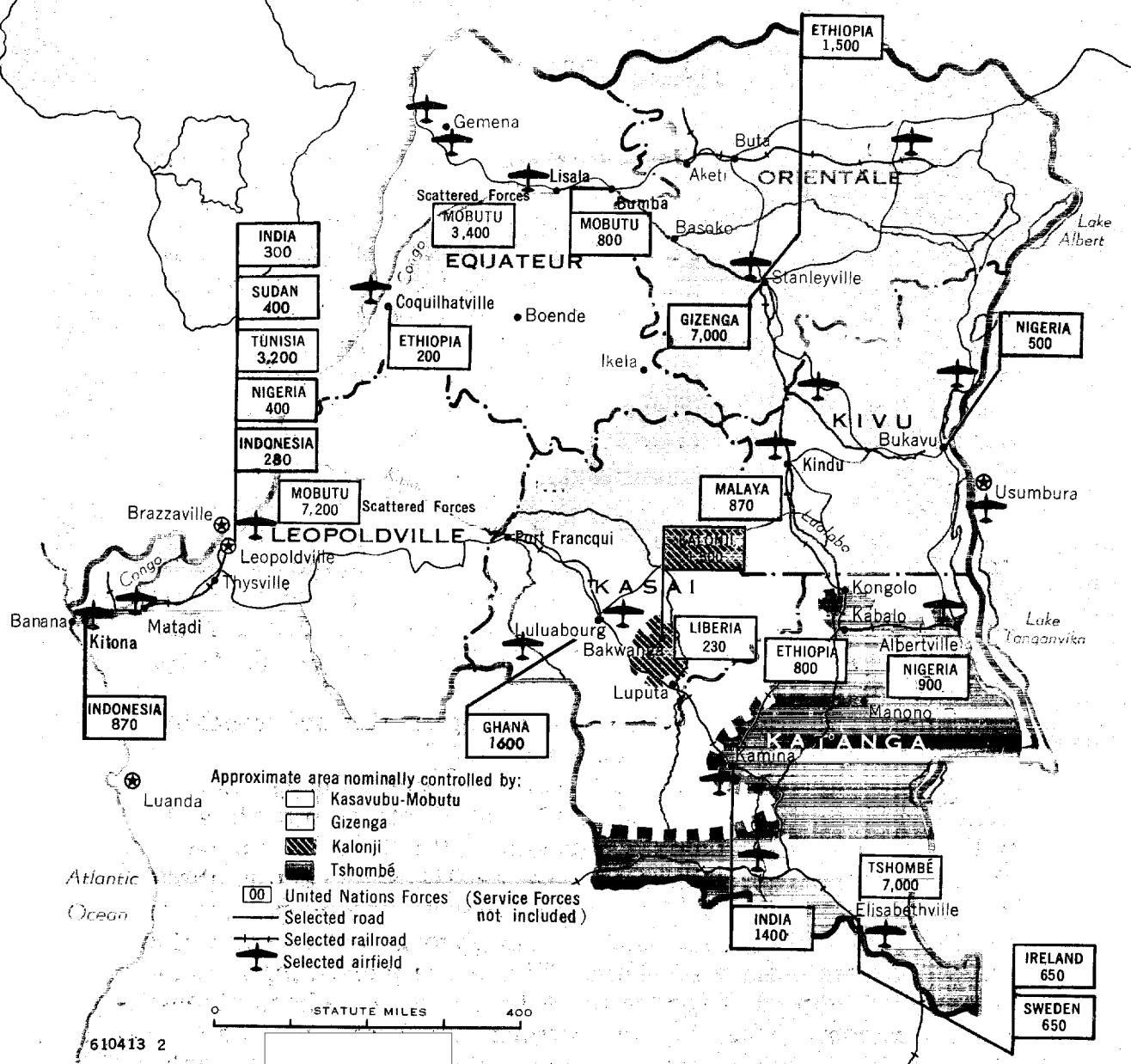
Page 1) (Map)

[The Watch Committee at its meeting on 12 April reached the following conclusion concerning Laos:]

The apparent collapse of the government's Muong Kassy offensive will further depress FAL and Vientiane morale and will permit the Communists to resume attacks in the Luang Prabang and Vang Vieng areas. In the Pak Sane sector, there are indications that the Communists are making preparations for further military pressure against government forces which had withdrawn from Tha Thom. There are increasing indications that Communist forces in central Laos have been strengthened in recent weeks, and the pattern of military clashes suggests that the Communists are preparing to make a relatively]

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Republic of the Congo



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[strong military effort in the direction of Thakhek. In view of the government's weakened military posture in this region, and its general lack of trained reserves, the Communists can probably make further extensive military gains.]

[The bloc position that the contending elements in Laos should discuss the terms of a cease-fire is probably intended to stall the termination of active hostilities. If the position which the Asian Communists have advanced, that a cease-fire should be effected simultaneously with a conference, becomes the official bloc position, it will be further evidence of bloc interest in maximizing, without precipitating SEATO intervention, the Communist military and political position in Laos prior to any conference.]

[Although we have seen no movements of North Vietnamese or Chinese Communist military forces or equipment which would indicate an immediate intention to intervene overtly in the Laotian conflict, it is probable that they are in a position to take such action rapidly and with little warning.]

Congo: [Taieb Sabhani, the Tunisian diplomat who is serving as Hammarskjold's representative in Brussels, told American officials on 10 April that the Belgian Government had been almost completely unresponsive to pressure for the removal of Belgians in the Congo. Asserting that Belgium's goal was "not a stable Congo but a Belgium-oriented Congo," Sabhani said he believed the Belgian proposals for tripartite talks among the UN, the Congo, and Belgium were offered in bad faith, since the Congolese would be tools of their Belgian advisers and the UN would in effect be negotiating with two sets of Belgians. He further stated that he had found Foreign Minister Wigny "impossible" and expressed fear that the next Belgian Government would be badly oriented on the Congo question.] No

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Page 4) (Map)

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Portugal: [The plans of Defense Minister Botelho Moniz to force Prime Minister Salazar to change his present policies or step aside were "progressing extremely well" as of 12 April.] No

[Moniz, who has not carried out previously reported intentions to give Salazar a virtual "ultimatum" on specified dates, may now feel impelled to act in view of the worsening situation in Portugal's African provinces and the possibility that with further delay he would lose the initiative to one of his supporters.] No

(Backup, Page 5)

USSR: [In his discussion with Walter Lippmann on 10 April, Khrushchev insisted that the German problem was "overripe" for settlement, but stated several times that he realized the President must be given time to consolidate his position. Khrushchev outlined three possible solutions: a peace treaty with both Germanys, which, according to Lippman, he realized was impossible to attain; a temporary arrangement along the lines of the proposals made at the Geneva foreign ministers' conference of 1959; or a separate peace treaty between the bloc and East Germany. He made his position clear that a temporary or interim agreement on Berlin would only be possible on the definite understanding that at the end of the period the occupation of Berlin would be terminated.] No

(Backup, Page 6)

Soviet Bloc: [There is now firm evidence that during 1960 basement air-raid shelter construction was common practice for new masonry buildings in Warsaw. Shelters of this type have been called for by Soviet civil defense manuals and have been under construction in the USSR for a decade and in most of the European satellites for a number of years. There is some indication, however, that in the large cities of the USSR] No

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[the basement shelter building program has recently been reduced or suspended in favor of alternative civil defense measures.] (Backup,

Page 8)

Nationalist China: [Chinese Nationalist officials are taking an all-or-nothing stand in regard to China's seat in the United Nations. Taipei is determined to cling to the moratorium formula in the United Nations General Assembly. Chiang Kai-shek, in a recent speech, declared his intention to go it alone if need be rather than abandon the position that he intends to "recover the mainland." He spoke with anger of foreigners who "entertain the illusion of two Chinas."]

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Iraq--Oil: Prime Minister Qasim has deliberately deadlocked negotiations with the American, British-Dutch, and French-owned Iraq Petroleum Company (IPC), ending another round in the talks which have been carried on intermittently since the July 1958 coup which brought Qasim to power. Qasim has ordered the company to halt all oil exploration and confine its activities to producing oil in existing fields. The company already has agreed to substantial changes in its oil concession, including surrendering 90 percent of its concession area, and now apparently feels that further negotiations are impossible. Qasim is attempting to make IPC a scapegoat for the country's economic and political problems, and a vitriolic press campaign against IPC is now under way. The prime minister may carry out his often-repeated and politically popular threat to nationalize the French share of IPC as a gesture of solidarity with the Algerian rebels.]

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Ghana-USSR: [A 7,000-box shipment of small arms and ammunition is reliably reported to have been delivered to Ghana on 6 April by the Soviet merchant vessel Dneproges. Heretofore Ghana has procured such supplies exclusively from]

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[Commonwealth sources. The port of origin of the shipment--Riga on the Baltic Sea--suggests that it is not part of a major arms deal, since exports under such deals almost invariably originate at the Black Sea port of Nikolaev. The Nkrumah regime's purpose in acquiring arms from the bloc at this time is not clear, but the apparently open manner in which their arrival has been handled and the fact they are being stored at a police barracks some distance west of Accra suggest they are not intended for clandestine re-export.]

WATCH COMMITTEE CONCLUSIONS

- A. No change from last week.
- B. No change from last week.
- C. LAOS: Carried on Page i of the Daily Brief.

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~~SECRET~~Situation in Laos

[Phoumi told Ambassador Brown on 11 April that the Laotians themselves could handle the governmental problem if international agreement were reached on a guarantee of Laos' neutrality, and on supervision of a cease-fire and arms delivery. He said he was anxious to see Souvanna Phouma as early as possible to try to obtain maximum agreement with him prior to a tripartite meeting with Pathet Lao leader Souphanouvong. Phoumi acknowledged that arrangements are already being worked out with King Savang to ensure Souvanna's presence at Luang Prabang on 28-29 April for funeral ceremonies for the late King Sisavang Vong, who died in October 1959. Laotian leaders have indicated that Prince Souphanouvong would also be welcome. A Pathet Lao broadcast on 11 April stated that people throughout the country should be permitted to participate in the ceremony, but criticized the "rebel Phoumi - Boun Oum group" as unfit to arrange the rites.]

[King Savang continues to respond negatively to the proposal that he take personal charge of the government. He has suggested that Souvanna might be suitable, provided he is "boxed in" by men like Phoumi and former Premier Phoui Sananikone, with the Pathet Lao excluded. Phoui, in a conversation with Ambassador Brown on 12 April, took the realistic view that the Pathet Lao would be very demanding and that Laos would need the help of Western nations.]

[The Diem government in South Vietnam is concerned over the prospect that Souvanna may resume the premiership, which Saigon feels would result in the loss of Laos to the Communists from within. The Vietnamese authorities fear that this would endanger South Vietnam's security, since Communist infiltration via southern Laos--already a serious problem--would be facilitated.]

Thai officials are also becoming increasingly restive over the military and political trend in Laos. Bangkok has announced that defensive measures are being taken in the border area, and particular concern has been voiced over the possibility of a Communist attack on Thakhek. Premier Sarit told newsmen on

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11 April, "There is no cease-fire; the Laotian Government may go at any time." He saw little hope for a successful neutral coalition government for Laos, and said that "a coalition will lead to eventual takeover by the Communists."

[While he apparently did not elaborate on the Soviet Union's public position on the Laotian issue, Khrushchev in a 10 April discussion with Walter Lippmann gave the latter the impression that the Laotian problem would be satisfactorily settled. A further indication, however, of Moscow's determination to press for the most advantageous terms for negotiations is provided by the remarks of the Soviet chargé in Paris] The

Soviet spokesman, who had earlier remarked that the USSR could not accept a cease-fire as a prerequisite for a conference, stated flatly that the Soviet Union would definitely not agree to call for a cease-fire before the date of the international conference is set. [the Soviet chargé was unusually blunt and went on to say that the "Russians would unquestionably win in Laos, thanks to the stupid mistakes of Americans."]

[During the recent discussions on Laos with the UK ambassador in Moscow, Soviet officials have attempted to secure a definite date for the opening of the conference. They have also reacted unfavorably to the British draft proposal which stipulated that the conference would convene as soon as the cease-fire in Laos has been reported fully effective by the ICC chairman. Soviet Deputy Foreign Minister Pushkin indicated that his first impression was that the Western powers were still making the conference conditional on a cease-fire. Soviet reaction on this issue strongly implies that, while the USSR may join the British in issuing a joint appeal for a cease-fire and propose that all contending factions in Laos begin truce negotiations, Moscow intends to press for a firm date for the conference at the same time the cease-fire appeal is made and may even insist that cease-fire talks and the conference begin simultaneously.]

[Soviet airlift operations continue to be scheduled. Sixteen Soviet transports--six IL-14s and ten LI-2s--were detected in flights to Xieng Khouang on 11 April.]

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[A degree of urgency concerning the flight of the three Soviet IL-14s en route to North Vietnam from the USSR but delayed at Hankow in Communist China]

[the three IL-14s must depart Hankow and land at Hanoi on 12 April. This is the first reflected instance of such urgency in connection with the arrival of Soviet aircraft at Hanoi.]

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~~TOP SECRET~~Situation in the Congo

[Taieb Sabhani, Hammarskjold's representative in Brussels, said that Belgium was blind to the fact that unless it modified its policy, pressures inside and outside the Congo eventually would deprive Brussels of all its influence in the country. He asserted that the Belgian arguments with him were hypocritical and completely unconvincing. In response to Sabhani's pressure for the removal of Belgians in Congolese service, the negotiators in Brussels allegedly alternated between a narrow legalistic position and references to the mood of public opinion in Belgium. Their early April announcement that Belgium was prepared to cooperate with the UN allegedly was the result of a threat by Sabhani to break off negotiations completely.]

[After talking with Lefevre and Spaak, who will probably head a new Belgian government within the next few days, Sabhani indicated he had enough hope to warrant staying on and continuing discussions with them.]

[In New York, Hammarskjold is also putting pressure on Brussels to exercise closer control over its nationals in the Congo. [redacted] the chief Belgian delegate relayed to Brussels a letter from the secretary general which enumerated the individual Belgians who were present at a recent meeting between Tshombé and UN officials. Stating that he had given this information to Sabhani, Hammarskjold stated, "I need not emphasize the strong effect such a report may have on the members of the United Nations."]

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Showdown Between Salazar and Portuguese Defense Minister
Seen Imminent

[redacted] Moniz, if he moves, will probably press Salazar first for internal changes, since he believes these are prerequisite to badly needed changes in Portugal's African policies.

[redacted] while 80 percent of the Portuguese oppose Salazar's internal policies, 95 percent would back Salazar against any one proposing steps which could be construed as eventually leading to the loss of the overseas provinces.]

[The US air attaché in Lisbon believes a move by Moniz at this time has a good chance of success. He bases this belief on criticisms of Portuguese policies in Africa by most of his contacts in the Portuguese Air Force and their view that the provinces will be lost unless these policies are changed.]

[Salazar, for his part, may try to offset Moniz' pressure by an early reshuffling of his cabinet in which Moniz' own position would be improved and some modest concessions made to demands for reform. Portuguese Foreign Minister Mathias told Ambassador Elbrick on 2 April that a reshuffle would take place after French Foreign Minister Couve de Murville's departure from Lisbon, presumably on 10 April.]

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~~SECRET~~Soviet Proposals for an Interim

[An interim or "temporary" agreement on Berlin will probably be the focal point of the Soviet position in any future negotiations. The USSR introduced the idea of a temporary agreement on Berlin for the first time at the Geneva foreign ministers' conference on 10 June 1959. This proposal modified the original demand for a free city made in November 1958, in that it no longer called for an "immediate and complete abolition" of the occupation in West Berlin. Instead, Gromyko proposed that the West could retain certain rights for one year and that communications to Berlin would continue "in their present form." During this period the Western powers would reduce their troops in Berlin to "token" contingents, prohibit stationing of nuclear or rocket weapons in West Berlin, and prohibit subversive activities and hostile propaganda against the bloc; an all-German committee would be established to examine the questions of a peace treaty and unification. If this committee failed to reach agreement, the USSR would sign a separate peace treaty with East Germany, and Gromyko explained that this would terminate all Western rights in Berlin.]

[In response to Western counterproposals for an interim agreement, Gromyko on 19 June extended the Soviet plan to 18 months and modified it by proposing that at the end of this period the foreign ministers could resume consideration of the Berlin question, but would have to give "due regard for the situation obtaining at that time." Gromyko was deliberately vague on the status of Western rights in Berlin after the expiration of the agreement. The 19 June proposal also dropped the provision for a guarantee of the interim status by the Big Four and East Germany.]

[On 28 July, shortly before the conference adjourned, Gromyko submitted another 18-month solution, incorporating previous provisions but aimed at "changing the existing situation in West Berlin." For the first time, the USSR formally spelled out a precise level for Western troops in Berlin--a combined total of 3,000 to 4,000. A four-power commission]

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[would supervise the agreement, and at the end of the period the Geneva Conference would reconvene if the all-German negotiation had failed. Moscow did not publish this proposal.]

[Shortly before the Paris summit meeting in May 1960, Moscow returned to the interim agreement. On 9 May the Soviet ambassador in Paris handed the French a new proposal --also never published--extending the interim period to two years but describing the purpose of the agreement as preparing conditions for the "subsequent transformation of West Berlin into a free city." The new plan embodied the main features of the previous proposal: progressive reduction of Western garrisons, prohibition of nuclear or rocket weapons in West Berlin, and prohibition of subversive activity or hostile propaganda directed against the bloc. The agreement would "take account of declarations" by the USSR and East Germany to maintain access to Berlin in its present form, and these "engagements" by East Germany could take a form which would not signify diplomatic recognition by the West. The entire agreement would be supervised by a four-power committee.]

[At the end of the interim period, however, if an all-German committee failed to agree on the German question, the four powers would sign a peace treaty with the two German states, "or with one of them, as they would judge it desirable." Moreover, the four powers would be committed to take measures to create a free city in West Berlin. As in the proposal of November 1958, the USSR provided for some form of UN participation in guaranteeing the free city. Thus, unlike the previous proposal, this latest offer made a free city the explicit goal of the interim arrangements.]

[The only subsequent authoritative mention of an interim agreement was the USSR's 17 February memorandum to Bonn, which stated, "The Soviet position does not preclude the possibility of a temporary settlement of the West Berlin issue prior to the conclusion of a peace treaty with Germany, but on the condition that an exact date for the conclusion of this treaty is fixed." This reference to a peace treaty at the close of the interim period suggests that Moscow has in mind the unpublished proposal of 9 May 1960.]

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~~SECRET~~Soviet Bloc Shelter Programs; A Status Report

[A US engineer who worked on the new US embassy in Warsaw from late 1959 through 1960 was informed by Polish builders that every building in Warsaw must have a shelter; upon seeing US-drawn plans for the new US embassy, the builders asked, "Where is the bomb shelter?" but did not insist on its inclusion. The engineer visited a number of Warsaw construction sites during the course of his stay in Poland and saw "many" which included the characteristics of basement air-raid shelters depicted in Soviet and Polish civil defense manuals.]

[The USSR has been building basement shelters for about a decade in new masonry buildings, including apartment houses. The principal satellites have also constructed basement shelters for several years. When fully equipped, these shelters offer good protection from fall-out but limited protection from the effects of blast. Other types of shelters which have been prepared in the Soviet bloc include light and heavy bunkers, subways, and tunnels. The heavier types of shelter should afford greater protection from high overpressures.]

[There is some evidence that the construction of basement shelters in Czechoslovakia as well as in the Soviet cities of Moscow, Leningrad, Kiev, and Kharkov has been reduced or suspended. Possible explanations for such a step would include substitution of detached shelters because of increased use of prefabricated units built without basements, the limitation of basement shelter construction to small towns of low target potential, a sufficiency of basement shelters in certain areas, and greater reliance on partial evacuation of urban populations as a civil defense measure.]

[A reduction in basement shelter construction has not been conclusively demonstrated for all areas of the USSR and Czechoslovakia, and the recent reliable report from Warsaw indicates that Poland at least still considers the construction of basement shelters a valid civil defense measure.]

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Chinese Nationalists Increasingly Concerned Over Their
UN Position

[Chinese Nationalist officials are voicing with increased candor their apprehension about United States intentions with respect to the Chinese representation problem in the UN General Assembly session this fall. They are anxious to know what tactics are to be adopted and are apprehensive over what seems to be a drift toward "two Chinas" in free world opinion. They blame the US administration for failing to take a strong stand which they contend could halt the trend toward seating Communist China in the UN. They believe the United States is considering the "internationalization" of Taiwan and the adoption of a "two Chinas" solution in the UN.]

[Chiang Kai-shek is obsessed with the idea of returning to the mainland and is opposed to a "two Chinas" concept even though adoption of such a formula might cause Communist China to refuse to enter the UN. He believes any erosion of his position would accelerate the disillusionment of the mainlanders who fled to Taiwan in 1949, encourage Taiwanese separatism, and lead to eventual Taiwanese domination of the government.]

[The Chinese believe the United States should try to rally support among other UN members for the moratorium. They believe that the United States, preoccupied with the crisis in Laos, has not yet reached a decision on its China policy and that, therefore, the Chinese must firmly hold the line. Recent official pronouncements have reiterated that the offshore islands are an integral part of Nationalist China and have insisted that the United States not weaken its policy toward the Chinese Communist regime, which they describe as being on the "verge of collapse."]

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~~SECRET~~Iraqi Oil Negotiations

[During previous negotiations with the IPC, Qasim had already gained nearly all his original and most of his subsequent demands. Competing interests of IPC's owners have made it difficult for the company negotiators to maintain a firm position in the face of persistent Iraqi pressure and probably encouraged progressively stiffer government demands.]

[the regime has ordered "spontaneous" telegrams of support from army units "down to the battalion level."]

[Qasim, in a recent press conference, accused the company of fomenting the antiregime riots which grew out of a strike against higher gasoline prices in late March. The army's killing of a number of demonstrators while quelling the riots caused Qasim's already waning prestige to fall sharply.]

[IPC secured its concession in stages from 1925 to 1938. The concession now covers most of Iraq and embodies the basic 50-50 profit-sharing formula in general use in the international oil industry. The concession runs to the year 2,000 and beyond and its terms are somewhat more conservative than the important Middle East concessions granted or modified in recent years. Recognizing this, IPC has been willing to make a number of changes, including an offer to return 90 percent of its 172,000-square-mile concession to the government. However, Qasim's intermediate goal appears to be partial government ownership of IPC. His ultimate objective appears to be nationalization of the company.]

[Iraq does not now have diplomatic relations with France, and Qasim has suggested that Iraq might justify nationalizing the 23.75 percent of IPC owned by French interests on the grounds that the French Government is a partial owner.]

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The Vice President

Executive Offices of the White House

The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Civil and Defense Mobilization

The Director, National Aeronautics and Space Administration

Chairman, Board of Consultants on Foreign Intelligence Activities

The Department of State

The Secretary of State

The Under Secretary of State

The Director, International Cooperation Administration

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

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 Assistant Secretary of Defense (International Security Affairs)

The Assistant to Secretary of Defense (Special Operations)

The Chairman, The Joint Chiefs of Staff

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

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