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10 SEPTEMBER 1959

I. THE COMMUNIST BLOC

Soviet official in Paris discusses Khrushchev visit to US; economic agreements would facilitate Soviet "political concessions."

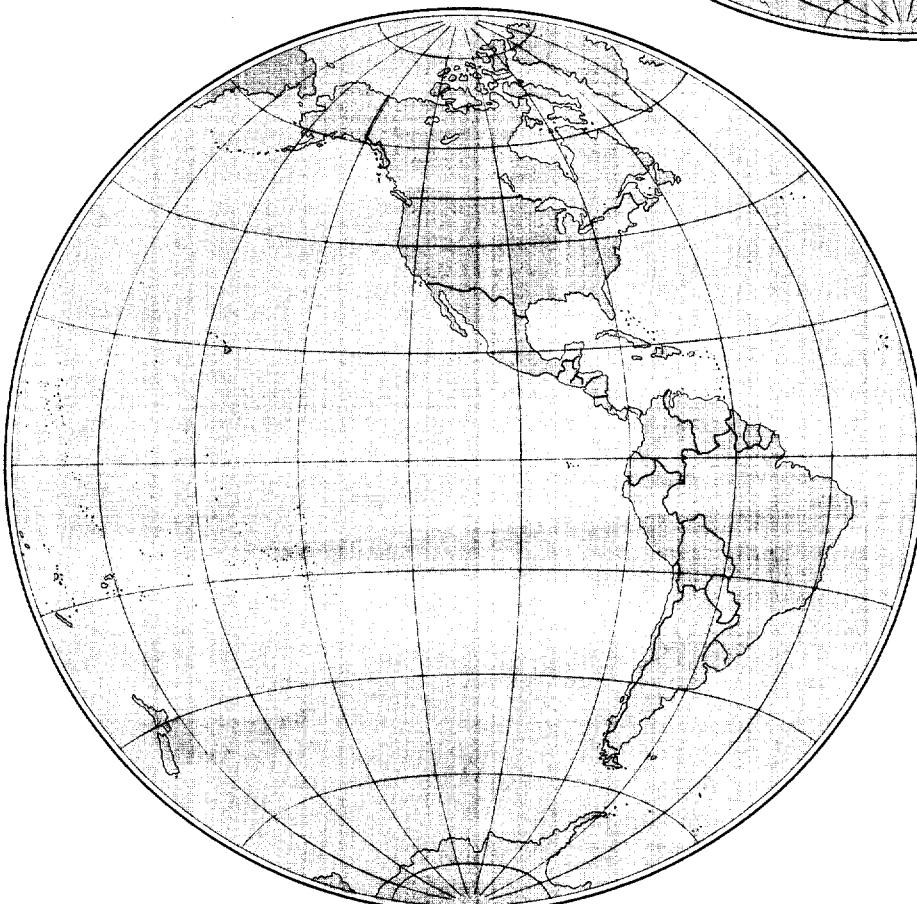
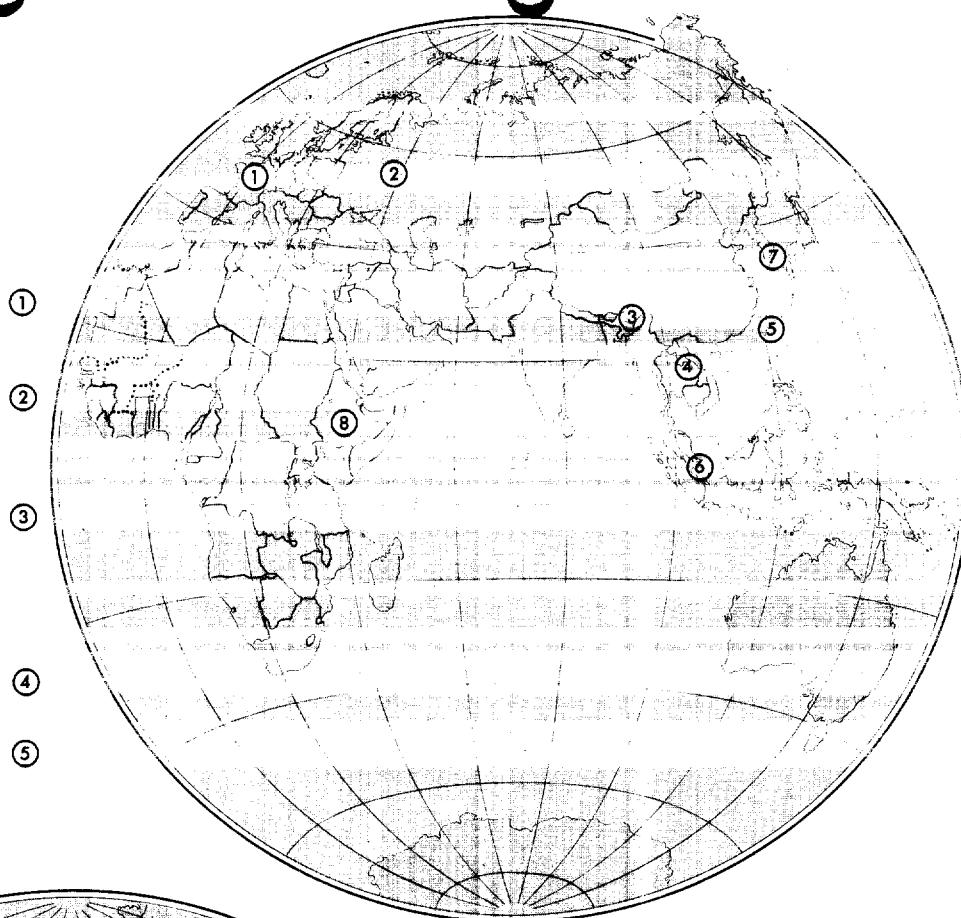
Khrushchev sees Gaitskell and Bevan; maintains firm line on Berlin but gives impression some arrangement possible.

In 8 September letter to Nehru, Chou En-lai takes firm position on border issue, but indicates willingness to talk.

II. ASIA-AFRICA

Laos--Indications of North Vietnamese airdrops may forecast new Communist activity in central Laos.

Chinese Nationalists preparing to air-drop arms to irregulars in Burma.



⑥ Singapore--Expected release of jailed leftist leaders to add to Communist strength.

⑦ Rhee continues negative approach toward South Korean - Japanese negotiations.

⑧ Ethiopia reportedly preparing to complete the annexation of Eritrea.

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CENTRAL INTELLIGENCE BULLETIN

10 September 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

Khrushchev visit:

[redacted] at the Eisenhower-Khrushchev discussions "agreement" probably could be reached on cultural and economic exchanges, and "progress" could be made on disarmament and the control of nuclear weapons. [redacted]

[redacted] Khrushchev wants to be remembered as the man who was able to raise the USSR's standard of living and bring about peace and prosperity. He stated that an agreement on economic exchanges and credit in an early stage of Khrushchev's visit would facilitate "political concessions" later. In referring to Peiping as "definitely unhappy" about the Eisenhower-Khrushchev meetings, [redacted] provided a further indication that the Chinese are concerned over the effect which the visits might have on Communist China's international objectives.) [redacted]

(Page 1)

N^o USSR: (In his interview on 4 September with British Labor party leaders Hugh Gaitskell and Aneurin Bevan, Khrushchev maintained his tough line on Berlin and repeated his threat to conclude a separate peace treaty with East Germany at some undefined future date. Bevan gained the impression that, despite this firm stand, there is some possibility of an acceptable arrangement on these issues. In an apparent effort to encourage the Labor party leaders to press their proposals for disengagement in Europe, Khrushchev said that in exchange for a total American withdrawal from Europe, the USSR would withdraw from Central and Eastern Europe. He ruled out a mutual withdrawal from Germany alone, however, as unacceptable on grounds of prestige.) [redacted]

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Communist China - India: In an 8 September letter to Nehru, Communist China's Premier Chou En-lai made a display of willingness to discuss Sino-Indian border questions but stanchly reasserted Chinese claims to disputed territory. Stating Peiping "has consistently held" that both sides should seek a permanent settlement, Chou suggested, as a "provisional measure," that the "status quo" existing before the Tibetan revolt be maintained. He denied, however, the validity of Indian territorial claims and charged that Indian troops were guilty of "armed attacks" on Chinese frontier outposts. In urging that Indian troops be pulled back from areas on the Mc Mahon line where they were sent last spring, Chou apparently was trying to shift to Nehru the responsibility for easing the current situation. Nehru--firmly committed to the Mc Mahon line--will refuse to accept Peiping's territorial claims and to withdraw troops from established Indian posts, but probably will agree to diplomatic discussions.

*In a move to soft-pedal the dispute, Moscow issued a TASS statement on 9 September stressing the USSR's friendly relations with both India and Communist China and carefully refraining from assigning blame to either party. The statement said "Soviet leading quarters" are confident that the two governments will reach a peaceful settlement based on mutual interests and "traditional friendship."

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NJ

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.

II. ASIA-AFRICA

NJ

Laos: Despite minor gains claimed by government forces in Sam Neua Province, the town of Sam Neua apparently remains under threat of attack. (Meanwhile, there are indications of recent North Vietnamese airdrop activity in the vicinity of the demarcation line between North and South Vietnam which suggest)

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(preparation for new activity in Laos at its narrow waist) Communist China and North Vietnam have given official support to the Soviet statement in the United Nations that the Security Council decision on Laos is an "illegal measure." (Page 4) (Map)

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Watch Committee conclusion--Laos: (The dissidents, with probable North Vietnamese assistance, continue to have the objective of establishing 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.)

OK
Nationalist China: (The Chinese Nationalists are believed planning to airdrop a large quantity of arms to the Kuomintang irregulars in Burma near the border with Thailand and Laos, within the next two or three months. The arms reportedly include 5,600 rifles, and a substantial number of machine guns, mortars, recoilless rifles and rocket launchers. There has also been a reliable report that Chiang Ching-kuo, Chiang Kai-shek's son, would like to use these irregulars for operations against the Pathet Lao.) (Page 6)

*NO
Yesterday 21D*
Singapore: (British members of the Singapore Internal Security Council, who feel they have no alternative without suspending the constitution, have tentatively agreed to vote with the Singapore delegation at the council's 17 September meeting in favor of releasing from jail about forty left-wing extremists of the ruling People's Action party of Singapore. The Malayan Government fears their release but reportedly will go along with a British decision. The release would enhance the prestige of the extremists' pro-Communist leader, Lim Chin Siong, and add a well-trained group of leaders to the steadily growing strength of the Communists.) (Page 7)

NO
South Korea - Japan: President Rhee appears unwilling to agree to a program for the repatriation of Koreans in Japan to South Korea, which American officials have been urging to diminish the impact of repatriation from Japan to North Korea,

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scheduled to commence in November. Rhee has apparently been persuaded by his foreign minister's insistence that repatriation to the north must first be stopped. In view of South Korea's continued negative approach toward its problems with Japan, the current Japan - South Korea talks hold little promise of settling any of the major issues between the two countries.

(Page 8)

OK

Ethiopia: Ethiopia is planning to complete the annexation of Eritrea, according to the Italian consul general in Asmara, thus ending the federation arrangement sponsored by the United Nations in 1952. Ethiopian-arranged public demonstrations are reportedly scheduled for 12 September in Asmara, capital of Eritrea, in a move to pressure the Eritrean Assembly into voting for annexation. The American consul indicates Asmara is quiet, and although some annexation rumors are circulating, he has been unable to confirm them. While most of the Eritrean people probably would not willingly forfeit their last vestige of autonomy, they lack leaders and organization for mounting a significant protest, especially in view of Addis Ababa's effective control of the territory.

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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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I. THE COMMUNIST BLOC

Soviet Diplomat Comments on Khrushchev Visit

[redacted] President Eisenhower and Premier Khrushchev should discuss "all issues" in order to achieve a "change in the atmosphere" between the two countries, but should not undertake detailed negotiations. He said "agreement" probably could be reached on cultural and economic exchanges and "progress" could be made on disarmament and the control of nuclear weapons.)

[redacted] an agreement on trade and US credits for Soviet purchases at an early stage in Khrushchev's visit would facilitate "political concessions" later. He commented that the "aging" Khrushchev wants to be remembered as the man who, after 40 years of revolutionary struggle, was able to raise the USSR's standard of living and bring about peace and prosperity. He said Vice Minister of Foreign Trade P. N. Kumykin will head the economic staff accompanying Khrushchev.)

(He stated that the Chinese Communists definitely are unhappy about Khrushchev's visit to the United States, especially because they feel the US has no intention of recognizing the Peiping government. Khrushchev's visit to China following his trip to the US, [redacted] is to "appease" the Chinese Communists. Communist China's propaganda on the visits appears to reflect concern over the effect the talks in Washington might have on Peiping's international position; Peiping has formally endorsed the exchange, but is emphasizing to a greater extent than other bloc commentators the charge that there is a lack of sincerity on the part of the United States.) [redacted]

[redacted]

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~~CONFIDENTIAL~~Chou En-lai's Letter on Sino-Indian Border Dispute

In an 8 September letter to Nehru, Chou En-lai expressed Peiping's willingness to join in "friendly negotiations" for settlement of Sino-Indian border problems. While this display of reasonableness seems intended to repair some of Peiping's damaged prestige, Chou made even "provisional" settlement contingent on withdrawal of Indian troops from posts activated along the McMahon line last spring. This apparently is intended to shift to Nehru responsibility for easing the current situation.

Chou's letter, which is Peiping's first direct comment on the border situation, detailed Communist China's claims to disputed areas all along the border. Chou characterized India's claims as a legacy of British "imperialism." But, while he reaffirmed Communist China's right to the disputed areas, Chou said his government "consistently" advocated negotiated settlement and he suggested return of troop dispositions along the Sino-Indian border to the "status quo" which existed before the Tibetan revolt. In this situation, "provisional agreements" could be reached "concerning isolated places."

Chou was clearly seeking to counter India's charges and to warn against further public criticism. He accused the Indians of "repeated incursions" into Ladakh and of "armed attacks" on Chinese frontier troops north of the McMahon line. He indicated annoyance over India's "bringing pressure to bear on China militarily, diplomatically, and through public opinion" and warned that continued Indian criticism can only "impair" relations.

Nehru will be irritated by Chou's unyielding attitude on territorial claims and by his placing full blame for the recent clashes on "trespassing" Indian forces. Chou's claims to extensive border areas long regarded as Indian will be unacceptable to New Delhi, which has repeatedly declared its "internationally recognized" frontier is not subject to negotiation--except for minor modifications. In view of Nehru's public pledges to

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repel incursions south of the McMahon line, he is not likely to agree to pull his troops back from the outposts established near the line last spring, although he will be agreeable to diplomatic discussions.

In preliminary comment on 9 September, Indian officials adamantly denied Chou's charges, adding that New Delhi would welcome negotiations over minor disputes but would stand firm on the "present" frontier.

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II. ASIA-AFRICA

Laos

Communist partisan forces continue to maintain pressure on government troops in Sam Neua Province. [On the night of 7 September, partisans are reported to have attacked a Laotian Army patrol on the edge of the airfield near the town of Sam Neua.] Skirmishing is also reported at Muong Poua, about 15 miles northeast of Sam Neua town. The government claims the recapture of Muong Son, in the western part of the province, an area heavily infested by Communist partisans. Its ability to retain the post is problematical.

[Recent information indicates that the North Vietnamese conducted airdrop operations from Dong Hoi in the southern part of North Vietnam.]

[two AN-2 aircraft flew six to eight trips daily from Dong Hoi between 20 and 29 August. The planes flew with doors removed and in one instance a roller ramp of the type used for airdrop operations was observed in one of the aircraft.]

[This airlift may have been in support of the North Vietnamese elements which entered the Tchepone border area of southern Laos last January or of elements of the 325th Division which more recently were reported to have moved from the Dong Hoi area toward the Laotian frontier, where they may be conducting or preparing paramilitary operations similar to those believed to be under the direction of the 335th Division in Sam Neua Province.]

The North Vietnamese Foreign Ministry on 9 September issued a statement protesting the UN Security Council decision to appoint a subcommittee to investigate the Laos situation. The statement charged that the decision was intended to eliminate the ICC and denied that the United Nations had the right to intervene in Laos. In a speech on the same day, Communist China's foreign minister strongly supported Hanoi's protest and

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claimed that UN action would "only aggravate the tension" in the area. Both Peiping and Hanoi renewed their demands for revival of the ICC in Laos.

[REDACTED] Chinese or Vietnamese personnel were not necessarily included in the group. The implication remains, however, that North Vietnam is providing facilities for medical evacuation and treatment of soldiers wounded in the Laos fighting.

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Chinese Nationalists Planning Additional Support
For Kuomintang Irregulars

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throughout*

(The Chinese Nationalists are planning to airdrop a large quantity of arms to the Kuomintang irregulars in the Burmese-Thai border area within the next two or three months.

[redacted] arms to be dropped in an operation called "Black Flag"--probably the same one--will include 2.36- and 3.5-inch rocket launchers, 81-mm. and 60-mm. mortars, and 75-mm. recoilless rifles. Orders also have been given for the packaging of 400 machine guns and 5,600 rifles for airdrop. The drops are to be made by P4Y aircraft operating from airfields on Taiwan.)

[redacted] the Kuomintang irregulars are short of heavy arms needed for use against Burmese Army strong points. However, Chiang Ching-kuo, the chief of the Chinese Nationalist security services, [redacted] he would like to use some of the irregulars to assist Laos in the fight against Communist invaders in the Laos border area. [redacted] about 3,000 of them were available for this use, but indicated that the views of the United States would be sought before any decision on action was taken. In addition, Li Mi, the former commander of the irregulars, [redacted] about 1,000 irregular troops are based along the Mekong River within the borders of Laos, and that these troops are the poorest armed of all the irregular contingents. It is therefore possible that some of the arms listed above may be for the use of these units.)

(The decision to supply additional arms to the irregulars evidently was made after the return of a high-ranking intelligence official from a visit to the area.)

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[Redacted]

Early Release of Jailed Singapore Extremists Expected

(A tentative agreement for the release from jail of the remaining left-wing extremists of the ruling People's Action party (PAP) of Singapore apparently was reached at the first meeting of the Singapore Internal Security Council on 28 August,

[Redacted] Despite British and Malayan apprehensions, the council, which consists of one member from the Federation of Malaya, three from the United Kingdom, and three from Singapore, will probably vote unanimously for release at its next meeting, on 17 September. This would enhance the prestige of Communist leader Lim Chin Siong and add approximately 40 well-trained leaders to the steadily growing strength of the extremist wing of the PAP.)

(Britain's anticipated vote in favor of the release of the extremists would be in line with its policy of supporting Prime Minister Lee Kuan Yew on internal security matters in the belief that he is the best judge of how to control the extremist wing of his own party.)

(If Prime Minister Lee and the PAP "moderates" genuinely desire to control the pro-Communists, the move to release the detainees may be a tactical retreat to facilitate the extension of Singapore's stringent antisubversive laws, which expire next month. Presumably it will be easier for the PAP-dominated legislative assembly to vote for extension of the laws if no members of the party are in jail. Lee may also feel that the extension of the public security laws and the popularity he will achieve by releasing the second-echelon extremists will strengthen his hand if he rearrests Lim Chin Siong, unquestionably the primary threat to Lee's domination of the party and government.)

[Redacted]

[Redacted]

[Redacted]

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Rhee Refuses to Approve Repatriation of Koreans in Japan
To South Korea

(South Korean Vice Foreign Minister Kim Tong-cho on 7 September informed Ambassador Dowling that he had failed to persuade President Rhee to agree to a plan for repatriating Koreans in Japan to South Korea. Such a plan has been encouraged by US officials to diminish the impact of the proposed repatriation to North Korea, scheduled to begin in November.)

Rhee also has stated recently that he will not relax the ban on trade with Japan and that a settlement of differences is out of the question unless Japan accepts all South Korean demands. He continues to express his intention to use force to block the repatriation to North Korea.)

(Although some South Korean officials recognize the futility of further opposition to the Japanese - North Korean repatriation agreement, Rhee apparently has been persuaded by Foreign Minister Cho Chong-hwan and Ambassador in Japan Yu Tae-ha that repatriation to North Korea must be blocked before Seoul agrees to accept repatriates. The negative policy of South Korea toward the Koreans in Japan has already resulted in considerable discontent among non-Communist Korean groups in Japan who feel that Seoul is neglecting their interests.)

(In view of Rhee's attitude, the current Japanese - South Korean talks in Tokyo hold little promise of settling any of the major issues between the two countries. Although the two sides have tentatively agreed to an exchange of Koreans detained in Japan and Japanese fishermen seized by South Korea, Seoul may temporarily continue to hold the fishermen as hostages in the hope of extracting concessions from the Japanese. Even should they be released, however, Seoul could seize more fishermen for violation of the "Rhee fishing line"--as it did early last year after a mutual release of prisoners. There has been no indication of progress on any of the other issues under discussion.)

NOT REQUISITE

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~~SECRET~~Ethiopia Reported Planning Annexation of Eritrea

Ethiopia is planning to complete the annexation of the former Italian colony of Eritrea, according to the Italian consul general in Asmara, thus ending the federation agreement sponsored by the United Nations in 1952. This agreement provides for federal (Ethiopian) government control over national defense, foreign affairs, finance, and interstate commerce, while reserving matters such as health, education, police, and justice to a semi-autonomous Eritrea.

Public demonstrations--presumably Ethiopian-inspired--reportedly are scheduled for 12 September in Asmara, the capital, in a move to exert pressure on the Eritrean Assembly to vote for annexation. However, the American consul indicates the capital is quiet; some annexation rumors are circulating, but he has been unable to confirm them. While the Eritreans would not willingly forfeit their last vestige of autonomy, they lack leaders and organization for mounting a significant protest.

Addis Ababa has gradually increased its control over internal Eritrean affairs since 1952. The extent of Ethiopia's influence over political affairs was shown last December when the Eritrean Assembly--effectively controlled by Addis Ababa through threats and bribery--voted to adopt the Ethiopian flag.

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The Under Secretary of State for Economic Affairs

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The Department of Commerce

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