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25 October 1960

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CENTRAL**INTELLIGENCE****BULLETIN**

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25 OCTOBER 1960

I. THE COMMUNIST BLOC

Communist delegations reported planning early walkout from disarmament discussions in UN Political Committee.

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II. ASIA-AFRICA

Resolutions of Arab League Oil Congress last week again point to increasing pressures on Western oil companies operating in Middle East.

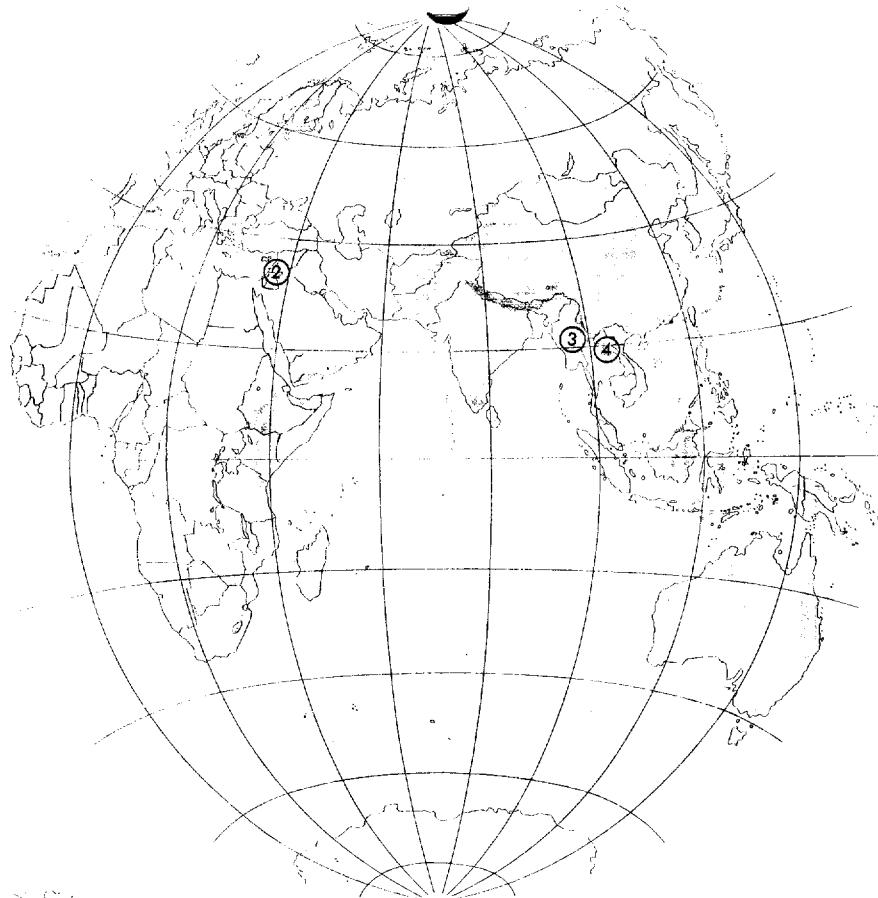
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Burma to provide Communist China up to 400,000 tons of rice in exchange for Chinese commodities in 1961.

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Situation in Laos.

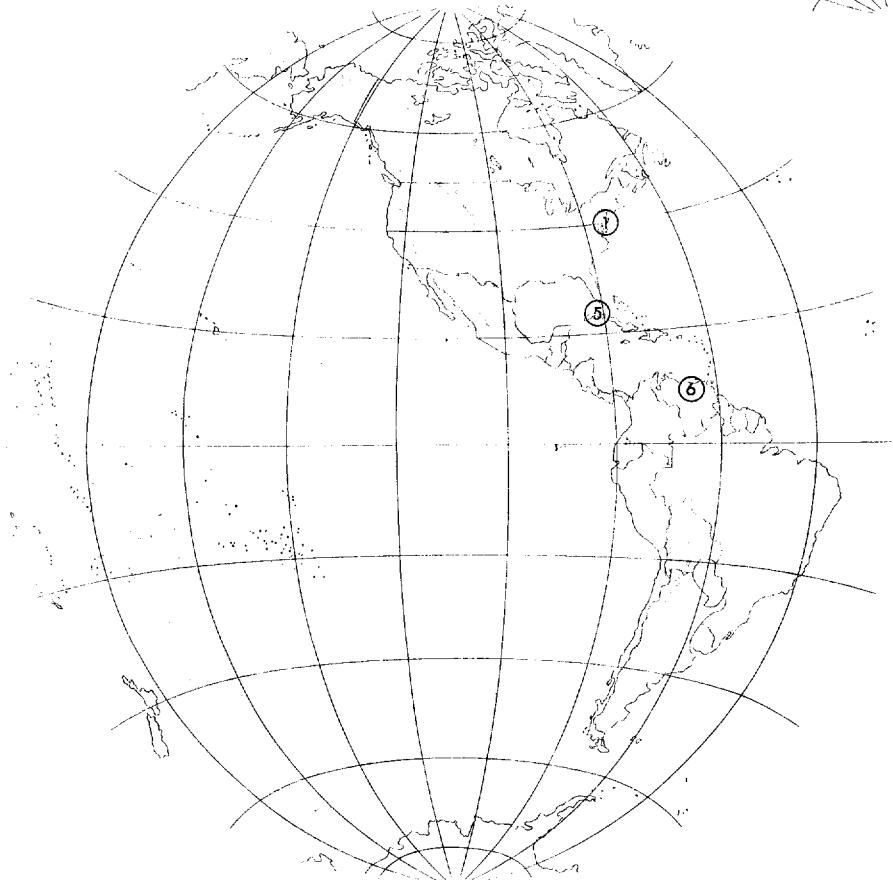
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III. THE WEST

⑤ Castro regime apparently recalling representatives from abroad for screening purposes and for preparing new concerted propaganda offensive against US.

⑥ Venezuelan armed forces on alert status following recent civil disturbances; pro-Castro dissidents may be counting on increased support from Cuba.



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CENTRAL INTELLIGENCE BULLETIN

25 October 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

USSR-UN: [The Soviet bloc delegations plan to stage an early walkout from the disarmament discussions in the UN Political Committee following the presentations of the neutrals and possibly Britain.]

[The Soviet Union may feel this will create pressure on the West to accept Moscow's concept of universal disarmament as the basis for negotiations, and provide justification for demanding a special General Assembly session on disarmament early next spring. Bloc propaganda accompanying such a walkout would probably echo the earlier claim, made after the bloc withdrawal from the ten-nation disarmament conference in Geneva last June, that the USSR refuses to abuse world hopes for disarmament by engaging in fruitless discussions with those who seek only "control without disarmament."]

II. ASIA-AFRICA

Arab League Oil Congress: The Second Arab League Oil Congress, held in Beirut from 17 to 22 October, provided further signs that Western-owned oil companies operating in the Middle East will be subject to increasing pressures from local governments. Congress resolutions supported the demands of Arab governments for amending the concession agreements as well as their refusal to recognize oil-price reductions instituted by the oil companies without Arab approval. A Soviet observer at the Congress told the Arabs they have "no cause to fear" competition from Soviet oil exports to Western markets; he accused the major Western-owned petroleum companies of maintaining a "monopoly market" and extracting "fabulous" profits from their operations in Arab countries.

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Burma - Communist China: Burma has agreed to provide Communist China 300,000 to 400,000 long tons of rice during 1961 in exchange for Chinese commodities. This arrangement, announced in a joint communiqué in Rangoon on 24 October, follows the signing of the Sino-Burmese border treaty in Peiping on 1 October. Trade between the two countries fell off following the termination in 1957 of the three-year barter agreement signed in 1954, although Rangoon's imports from China have caused a sizable Burmese trade deficit.

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Laos: Premier Souvanna Phouma's fence-mending trip to Luang Prabang and other parts of northern Laos this past week end has probably further reduced the likelihood that the First Military Region will break with the Vientiane government. Souvanna also appears to have persuaded armed forces commander General Ouane to moderate his criticism of the government. Ouane now is said to be prepared to return to Vientiane as soon as officers of Captain Kong Le's 3rd Paratroop Battalion are returned to their normal battalion assignments, leaving the direction of other units and services to their rightful commanders. Souvanna has accepted this condition, but his ability to follow through on it is uncertain.

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III. THE WEST

Cuba: The Castro regime apparently is recalling Cuban diplomatic and consular officers abroad for purposes of screening them and preparing for a new concerted propaganda offensive against the United States. Departures of Cuban personnel for Havana have already been noted or reported scheduled in Brazil, Mexico, and Panama.

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Venezuela: Following civil disturbances in Caracas during the past few days, largely by students, the armed forces are on an alert status and apparently pressing President Betancourt to take forceful action against the elements involved. These elements include the Communists and a substantial segment of the leftist Democratic Republican Union party, one of the three parties in the government coalition. The dissident elements are all pro-Castro and have been allied closely in recent weeks; they may be counting on increased financial support from Cuba, possibly even arms, in their efforts to undermine the government. [redacted] *OK*
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DAILY BRIEF

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~~CONFIDENTIAL~~The Second Arab League Oil Congress

The proceedings of the Second Arab League Oil Congress, held from 17 to 22 October in Beirut, provided further signs that the Western oil companies operating in the Middle East will be subject to gradually increasing pressure from the local governments. The Congress, however, achieved nothing as significant as the creation in Baghdad a month earlier of the Organization of Petroleum Exporting Countries, whose charter members are Saudi Arabia, Kuwait, Iraq, Iran, and Venezuela.

This year's Congress, like the one held in April 1959, operated in many respects like a debating society. It was attended by officials of the leading oil companies, by government representatives of all oil-producing Arab states, and by a number of government observers from oil-producing states outside the area.

The Arab government representatives devoted most of their efforts to detailed presentation of proposals aimed at getting more money for their oil. The Congress' resolutions supported two of the less drastic of these proposals: efforts by Arab governments to amend their concession agreements and refusal of the government to recognize oil-price reductions instituted by the oil companies without Arab approval.

Oil company pricing policies have been under strong Arab attack since the August cut in posted prices for Middle East oil. Company spokesmen have defended their action on the ground that the oil market had become more competitive and that increased Soviet exports were a key factor; they re-emphasized this point at the Congress. The leader of the Soviet observer delegation to the Congress attempted to rebut this point of view. He told the Arabs they have "no cause to fear" competition from Soviet oil exports to Western markets; at the same time, he accused the major Western-owned petroleum companies of maintaining a "monopoly market" and extracting "fabulous" profits from their operations in Arab countries.

[Redacted]

[Redacted]

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Burma to Provide Large Quantity of Rice
To Communist China

Burma has agreed to provide Communist China from 300,000 to 400,000 long tons of rice during 1961, according to a joint communiqué issued in Rangoon on 24 October. China will pay for this in unspecified "commodities that Burma requires and China may be able to supply, so as to balance trade between the two countries."

This arrangement, which will take between 15 and 20 percent of Burma's exportable rice surplus, is the first major follow-up to the signing of the Sino-Burmese border treaty on 1 October 1960 and is the most significant development in Sino-Burmese trade since termination of the 1954 barter agreement in April 1957. Since February 1958, trade between the two countries has been held to a minimum, conducted on a cash basis with commodities paid for in sterling.

There has been a steady demand for Chinese products, especially consumer goods, in Burma, and the government has been seeking means to increase its sales to Communist China.

Under the 1954-57 barter trade agreement Burma consistently imported more from Communist China than it was able to export, and the deficit continues although the government has maintained strict regulation over import licenses since that time.

Peiping's difficulties in meeting its rice export commitments suggest that at least some of the high-quality rice purchased from Burma in 1961 will be re-exported under Chinese trade agreements with Cuba, Ceylon, or bloc countries.

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The Situation in Laos

[During his week-end fence-mending trip to Luang Prabang and other areas, Premier Souvanna Phouma appears to have persuaded armed forces commander General Ouane to moderate his criticisms of the government, and Ouane apparently has indicated willingness to return to Vientiane as soon as officers of Captain Kong Le's 2nd Paratroop Battalion are returned to their normal battalion assignments. Ouane also was to have presented a list of his complaints before Souvanna's return to Vientiane on 23 October. It is uncertain whether Souvanna would be able to follow through on any promises he gives Ouane to rectify the situation in Vientiane, but he will probably be able to keep Ouane sufficiently appeased to delay any breakaway by the First Military Region.]

[Four of the ten senior Laotian Army officers assigned to overseas attaché posts as a result of their unacceptability to Kong Le have met with Thai Premier Sarit in Bangkok. They have indicated that they may join General Phoumi in Savannakhet rather than take up their new assignments. These officers claimed that Minister of Information Quinim Pholsena, a leftist opportunist, is now the dominant influence in Vientiane, even to the extent of controlling Kong Le.]

[Prince Khampan, the Laotian ambassador to Thailand, is reported to have made an unsuccessful attempt, on Souvanna's behalf, to induce General Phoumi to declare his loyalty to the Vientiane government. Khampan told Phoumi that if he would dissolve the Savannakhet Revolutionary Committee, he would be permitted to become ambassador to whatever country he desired.]

Phoumi Vongvichit, the chief Pathet Lao negotiator in the current Vientiane talks with the government, reiterated at a recent press conference Pathet demands for diplomatic relations with all neighboring countries, the denial of Laos' use

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as a military base, and the acceptance of economic aid from all countries so long as there were no strings attached. His remarks were cloaked in moderate language, possibly suggesting that the Pathet Lao will move slowly in pressing more specific demands so as to avoid provoking Souvanna into breaking off the talks.

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Cuban Officials Abroad Apparently Being Recalled
for Screening and Purge Operation

The Castro regime apparently is recalling diplomatic and consular officers to screen them and to prepare for a new concerted propaganda offensive against the United States. Three members of the Cuban Embassy in Brazil are scheduled to leave for Havana this week. [redacted]

[redacted] they would remain in Cuba for eight to ten days. The Cuban ambassador in Mexico [redacted]

scheduled to return [redacted] to Cuba for "consultations" this month. The Cuban ambassador in Panama left for home on 20 October, but his recall may have been at the request of the Panamanian Government, which has been irritated at his interference in domestic Panamanian affairs. Other Cuban officials abroad, including some in Europe, Asia, and Africa, will probably be recalled for consultation in the coming weeks.

The Castro regime has been embarrassed by a number of defections this year among Cuban officials abroad. Its efforts to prevent further defections were presaged in a 27 September decree removing job tenure rights from foreign service personnel. It is becoming apparent that those officials regarded as "reliable" by the regime for foreign assignment are those who unquestioningly accept and are willing to promote the Communist position on Cuban and international issues. The new Cuban ambassador to France, appointed on 20 October, for instance, has a long record of Communist associations and has frequently been described as a convinced practicing Communist. [redacted]

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Antigovernment Violence in Venezuela

Following civil disturbances in Caracas during the past several days, largely by students, the Venezuelan armed forces are on an alert status and are apparently pressing President Betancourt to take forceful action against the elements involved. The student demonstrations were promoted by elements of the leftist Democratic Republican Union (URD) --long a dissatisfied component of Betancourt's three-party coalition--as well as by the Venezuelan Communist party (PCV), and the Marxist Leftist Revolutionary Movement (MIR). All of these elements are pro-Castro and reportedly have received sizable subsidies from the Cuban regime and maintained close liaison with it. The meetings were called to protest the arrest of three MIR leaders allegedly responsible for a press article inciting the "popular masses" to overthrow Betancourt.

[redacted] sporadic violence also erupted in some provincial cities but apparently was under control by 23 October. [redacted]

The armed forces, which for the most part are believed loyal to Betancourt, are incensed by the death of a junior officer as a result of a beating by a mob in the capital on 19 October. Responsible moderate groups are also backing demands of the military for effective measures to prevent the spread of disorder.

Dissident URD elements, the Communists, and the MIR --which have allied themselves closely in recent weeks, particularly in a sporadically violent struggle with Betancourt's Democratic Action party for control of organized labor--may be counting on additional financial and possibly arms support from Cuba for their efforts to undermine the government. They will probably attempt to exploit Betancourt's critical economic

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difficulties, including depressed business conditions, a high level of unemployment, and the continuing decline of foreign exchange reserves.

The coalition was under a severe strain early in September when pro-Castro URD Foreign Minister Arcaya resigned in opposition to the government's policy toward the Cuban regime. Top URD leaders have subsequently given at least lip service to the necessity of maintaining the coalition. On 23 October the remaining two URD members in the cabinet resigned on orders of the party "to leave the President freedom to reorganize the government." This move is possibly in response to demands by Betancourt that the URD cease its opposition and obstructionist tactics, and also suggests that the party may be considering a withdrawal from the government at all levels.

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