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CENTRAL INTELLIGENCE BULLETIN



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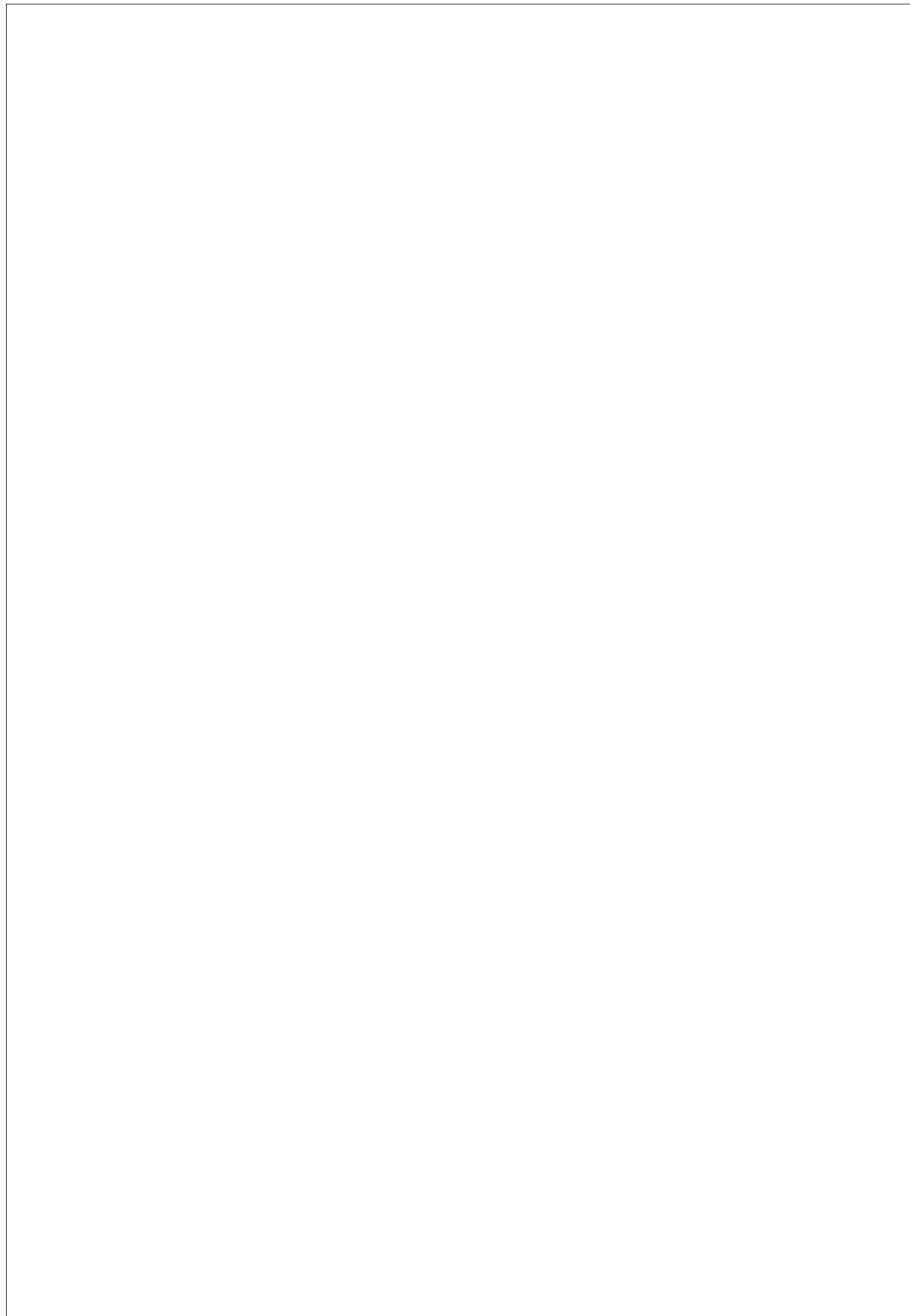
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1 AUGUST 1958

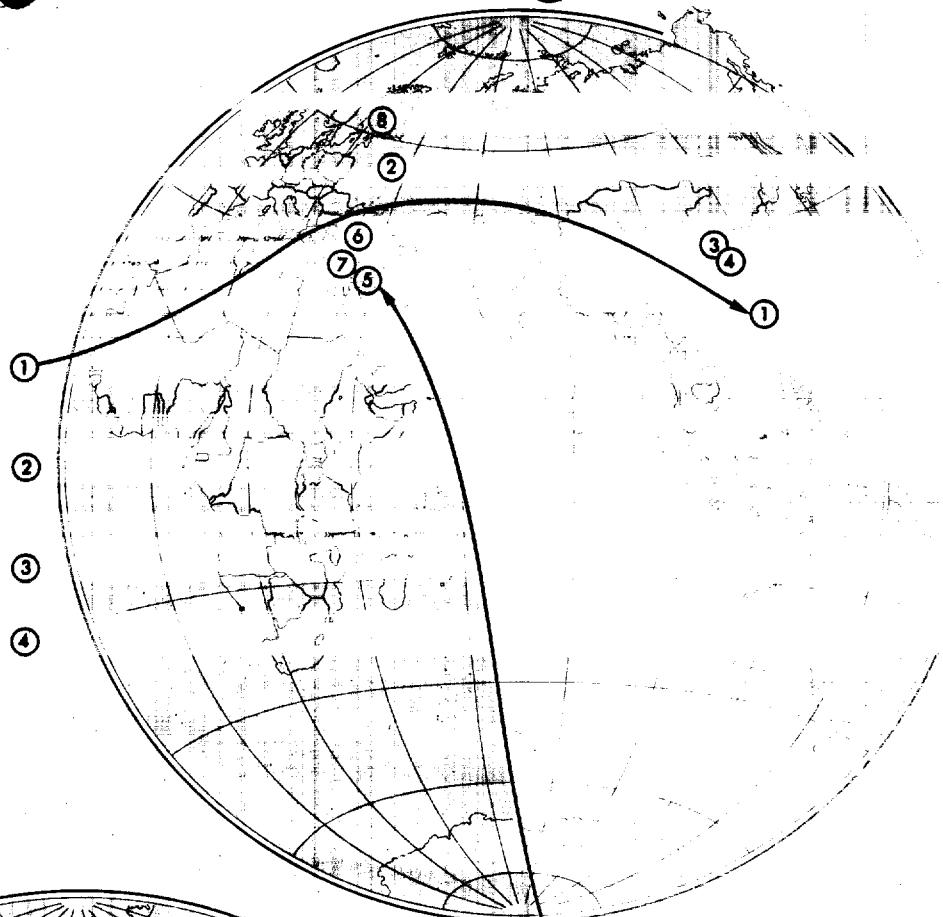
I. THE COMMUNIST BLOC

Chinese Nationalists agitated by Communist propaganda threats against Taiwan. [] Peiping has improved air defenses along coast, possibly in reaction to increased Nationalist over-flights. []

Soviet VIP aircraft left Moscow on 30 July, probably for Peiping.

Soviet sources still passing word that an earth satellite will be launched from Communist China.

Peiping starts ambitious copper-smelting program.

**II. ASIA-AFRICA**

- ⑤ Chamoun intends to serve out term. Shihab believes US forces can leave in two weeks and UN team in four. Rumors persist of dramatic political changes in Saudi Arabia.
- ⑥ Leaflets calling for armed revolt against Menderes government distributed in Ankara; probably Arab-instigated.
- ⑦ Cyprus - Turkish leaders making effort to show that partition is not only possible but already under way.

III. THE WEST

- ⑧ Finnish president calls on Communist-front leader to form government as non-Communist bickering continues.

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CENTRAL INTELLIGENCE BULLETIN

1 August 1958

DAILY BRIEF

*SICRAB**No*

I. THE COMMUNIST BLOC

Communist China - Taiwan: The Chinese Nationalists are becoming agitated over Communist propaganda threats against Taiwan and reported military moves in the coastal area. Defense Minister Yu has said the situation might provide opportunities for certain Nationalists to "start something." Taipei is expected to exploit the current tension in hopes of acquiring modern US military equipment.

[redacted] about 20 Communist jet fighters have at least temporarily occupied a coastal airfield near Swatow--a move probably designed to improve Communist air defenses against Chinese Nationalist overflights. This could result in an increase in air clashes, but there are no indications that the Communists are preparing to launch a major offensive against the Nationalists. [redacted] (Page 2) (Map)

No

*Soviet VIP flight: A Soviet TU-104 which has been used by high Soviet officials, including Khrushchev, left Moscow probably for Peiping on the morning of 30 July. Circumstances surrounding the flight suggest that the plane is carrying a very high level Soviet official. Important Sino-Soviet discussions in Peiping would presumably bear on problems of intrabloc unity and moves designed to increase pressure on the West for summit talks on Communist terms. There have been previous reports that Khrushchev planned to make an early trip to Peiping. [redacted]

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Propaganda on Chinese sputnik: Moscow radio has quoted Peiping as stating that Chinese Communist scientists are working on an earth satellite, and a Soviet diplomat says that Peiping is preparing to launch a satellite with Soviet help. These are the latest in a series of such reports. China has no capability to launch a sputnik at this time, but the Soviet Union could probably orbit a satellite from China within six months after starting such a project, if the Communists decided that the psychological impact in Asia were worth the great effort required.

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Communist China - copper: Peiping has recently started a program calling for the construction of 3,000 small copper-smelting furnaces within a year which would produce a total of some 165,000 tons annually. China's present domestic requirements are now between 40,000 and 50,000 tons a year. Imports by the entire Sino-Soviet bloc have averaged 120,000 tons a year over the past five years.

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II. ASIA-AFRICA

*Middle East developments: President Chamoun states that he intends to serve his full term until 23 September. President-elect Shihab, whose election has been praised by opposition leader Saib Salam, has said nothing about his plans since his election on 31 July. On 30 July, however, Shihab expressed his belief that US forces would not be needed after another two weeks and that the UN observers could wind up their work two weeks after American troops had left.

Baghdad may wish to move cautiously toward a union with the UAR.

Rumors persist of dramatic political changes pending in Saudi Arabia. Some reports state that the present monarchy will be done away with; others maintain that Saudi Arabia will enter the UAS. (SECRET) (Page 6)

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Turkey: Leaflets calling for armed revolt against the Menderes "dictatorship" signed by a "Turkish National Liberation Committee" were distributed in Ankara on 29 July. The ministers of defense and interior are personally supervising the investigation of what may well be Arab subversive propaganda against Turkey. [redacted] (Page 8)

Cyprus: Turkish Cypriot leaders are fostering the mass movement of the populace of 24 small villages to the northern half of the island in an effort to prove that partition is not only possible but is actually under way. Governor Foot, who is usually optimistic over his efforts on Cyprus, has become despondent over the deteriorating security situation, and has no plans for any new political initiative on the island. [redacted]

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III. THE WEST

*Finland: President Kekkonen, possibly for tactical reasons, has asked the leader of the Communist-front Finnish People's Democratic League (SKDL) to try to form a government. The SKDL is the largest single party in parliament, and the president's action is customary but not obligatory. Since the non-Communist parties declare that the Communists will not be permitted in any new cabinet, the SKDL's prospects at this time are not favorable. The intense personal bitterness which has split the non-Communist parties, however, will continue to hamper the formation of a stable government. This dissension led to a Communist victory recently in parliament, and continued bickering cannot but benefit the Communists.

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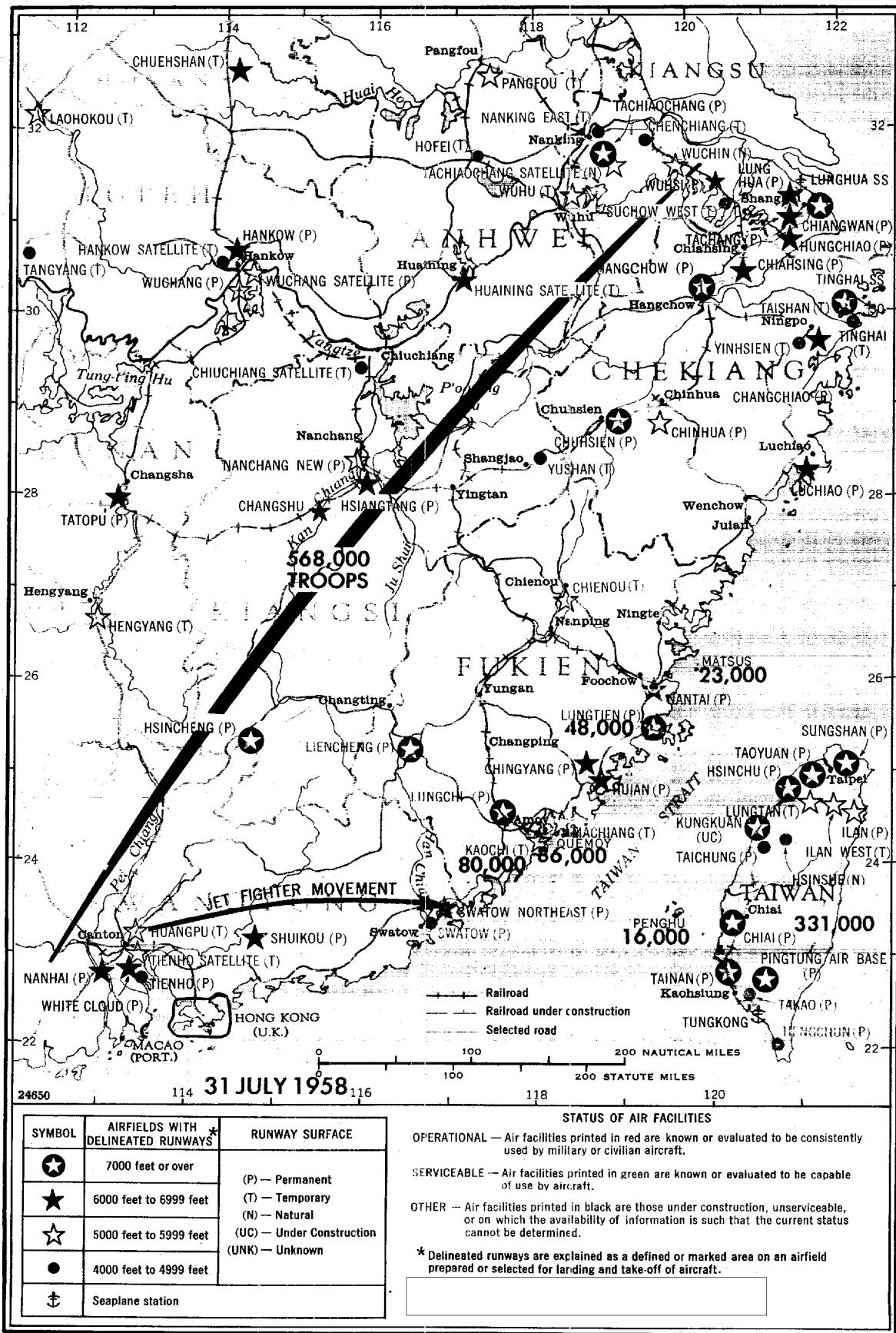
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DAILY BRIEF

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I. THE COMMUNIST BLOC

The Taiwan Strait Situation

The Chinese Nationalists are becoming agitated over Communist propaganda threats against Taiwan and reported military moves in the coastal area. Defense Minister Yu has said the situation might provide opportunities for certain Nationalists to "start something." Taipei is expected to exploit the current tension in hopes of acquiring modern US military equipment.

about 20 Communist jet fighters have at least temporarily occupied a coastal airfield near Swatow--a move probably designed to improve Communist air defenses against Chinese Nationalist overflights. This could result in an increase in air clashes, but there is no evidence that the Communists are preparing to launch an offensive against the Nationalists.

In addition to the jet fighter move to Swatow between 27 and 29 July, the Communists have transferred about 25 naval jet light bombers from Manchuria and North China to Shanghai since 7 July. The latter move may be a temporary one, connected with special exercises which are frequently held with naval aircraft in the Shanghai area. There appears to be no connection between the bomber move and the Taiwan Strait situation.

With the exception of the Swatow field, none of the coastal air bases constructed in 1955 has been occupied. The use of Swatow improves Communist capability for intercepting Nationalist reconnaissance aircraft and permits MIG's to range farther over the Taiwan Strait than previously. The two Nationalist F-84 jets shot down near the mainland coast on 29 July were probably attacked by Swatow-based fighters.

There has been no evidence of recent changes in Communist ground force strength along the East China coast. Communist strength opposite the Quemoys is about equal to Nationalist strength on the islands, and any Communist assault would require major reinforcements. The rail line running through Fukien

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Province to Amoy is now in full operation and such reinforcements could be brought in rapidly, perhaps without detection.

Communist troops opposite the Matsus continue to outnumber the Nationalists there about two-to-one. There are no indications of Communist military preparations in this area, however.

There have been no changes in Communist naval strength in the Fukien area. Communist submarines and major surface units continue to remain well to the north, in the Shanghai area and Tsingtao. Large-scale exercises have been conducted in the Shanghai area in recent months, and Peiping's navy is believed to have reached an improved state of readiness.

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Rumors Persist of Chinese Communist Earth Satellite Preparations

with Soviet help Communist China was preparing to launch a satellite. Two days previously a Moscow broadcast cited a Peiping radio report that the Chinese were "working on" an earth satellite in "Shanghai and other places." [redacted]

no
the Chinese Communists had set a goal of launching a satellite in August. A Chinese Communist spokesman said in June that his country hoped to launch a satellite "in the near future."

China has no present capability to launch a satellite, and such an effort would require considerable Soviet assistance. The Communists may feel that a combined Sino-Soviet launching from Chinese territory would be worth the effort in terms of its psychological effect. A successful launching would impress international, particularly Asian, opinion and would advance Peiping's march to great-power status. [redacted]
[redacted]

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Chinese Launch Program to Produce More Copper

Peiping has launched a program to increase China's copper-smelting capacity by 150,000 tons within a year. It intends to get this roughly tenfold increase in capacity by setting up some 3,000 small primitive copper smelters, each with a capacity of 50 to 100 tons a year.

Administrative problems appear to be the most serious obstacle to the attainment of this goal. Capital outlays will be minimal, and raw materials present no special difficulties. Peiping, however, must be prepared to accept an end product containing a high percentage of impurities and requiring further refining prior to use.

This program would be significant to the whole Sino-Soviet bloc, which over the past five years has had to import an average of 120,000 tons of copper a year from the free world. If the new program is fully realized, China will be producing some 165,000 tons of copper a year, against domestic requirements of 40,000 to 50,000 tons. Depending on the degree of success achieved, it may therefore have up to 120,000 tons a year for sale to its bloc partners.

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II. ASIA-AFRICA

Middle East Developments

(1) Lebanon: President Chamoun has ignored opposition demands that he resign immediately and allow President-elect Shihab to take office. In a press interview following announcement of the election of the new president, Chamoun told reporters, in the presence of Shihab, that he intended to stay in power until the expiration of his term on 23 September. Members of the opposition had threatened renewed fighting if their demands, including the removal of American troops and Lebanese adoption of "neutrality," were not met.

(2) Rebel leader Saib Salam greeted Shihab's election with a press statement declaring that "victory is near" and calling the general "a pure Lebanese having noble and good qualities." Shihab has remained silent about his intentions since the election. The day before, however, he declared that once the election was held, the civil war would begin to crumble. He also said that with the restoration of order, which he felt the army could bring about, the need for American forces would disappear. [He added his opinion that American troops could begin embarkation two weeks after the election. This, he thought, could be followed shortly by the completion of the duties of the United Nations observers.]

(3) Iraq:

[] An editorial in the Iraqi Government-controlled press of 30 July may have been designed to test popular reaction. The article comments on the desirability of a union and states that the present time is "propitious" for such a move []

OK (4) A government decree on 31 July has imposed censorship "on all publications and local and foreign newspapers as of 1 August." []

OK (5) Saudi Arabia: Reports and rumors of dramatic political changes pending in Saudi Arabia are increasing. []

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[redacted] brothers of the King, encouraged by Prince Faysal, were plotting "to do away with King Saud." [redacted] one of the brothers, Prince Mishal, former minister of defense, is still "well-connected" with the army and in a position to carry out a coup. No date for execution of the plan was given. The rumor that Prince Faysal is planning Saudi Arabia's entry into the United Arab States of Yemen and the UAR persists among lower echelon officials in the Saudi Government.

(6) ok
Unconfirmed reports have also been received of a coup being organized by Egyptian military personnel now totaling approximately 200 officers and enlisted men who have been sent into Saudi Arabia secretly in small groups. Their entry is said to have been under the "sponsorship" of Minister of Interior Abdullah Faysal, son of Prince Faysal.

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[redacted]

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Subversive Pamphlets Distributed in Turkish Capital

LLeaflets distributed over the signature of a "Turkish National Liberation Committee of Ankara and Istanbul" on the night of 29 July are believed to be of Arab origin because of misspelling and choice of words.] The Turks were urged to follow the example of their Iraqi "Moslem brothers" and launch an armed attack against the Menderes regime.

The ministers of defense and interior are personally supervising the continuing joint investigation. Arab students in Ankara were apprehended for questioning but no incriminating evidence was uncovered.

Middle East developments will probably promote increased Arab and Soviet propaganda efforts aimed at Turkey and Iran. Clandestine Communist radio broadcasts from Leipzig have been urging tribal and popular revolt against the Shah of Iran and popular action against the Turkish prime minister.

This type of propaganda will probably have little appeal in Turkey but will further strain Turkish-UAR relations.

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Violence on Cyprus

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Cyprus Governor Foot is unusually despondent over the current situation on the island. Violence continues despite the mass arrests of last week which were designed to halt intercommunal attacks. EOKA appears directly responsible, although isolated Turkish attacks on Greek Cypriots continue. This is in line with EOKA leader Grivas' recent call for "total destruction" on Cyprus rather than continued British rule. About 350 Turks, acting from fear of EOKA and encouraged by Turkish Cypriot leaders who hope to achieve de facto partition of the island, have recently moved north of the 35th parallel.

The Greek Cypriot mayor of Nicosia has called for the immediate dispatch of "observers"--presumably UN--to the island "to investigate the ghastly situation and the incapacity of Britain to govern Cyprus." Turkish Cypriot leaders are demanding the presence of Turkish troops on Cyprus to protect their community. In London, Colonial Secretary Lennox Boyd has announced that Archbishop Makarios will not be allowed to return to Cyprus until violence ceases despite Greek insistence that such a move would facilitate a settlement.

Karamanlis, increasingly critical of US policy toward Greece and Cyprus in recent weeks, violently castigated American "provocative indifference" in a recent interview with Ambassador Riddleberger. Declaring that Washington had adopted a pro-Turkish attitude, Karamanlis warned that, in order to save Greece from falling to the Communists, he would soon be forced to take an undisclosed initiative on his own.

Meanwhile in Paris, where NATO Secretary General Spaak has been conducting informal conversations with the NATO representatives of Britain, Greece and Turkey, visiting Greek Foreign Minister Averoff told Spaak that independence for Cyprus, within or without the Commonwealth, would be the best

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solution. Averoff was willing to subscribe to a guaranty that Cyprus would remain within the Commonwealth for 25 years. While Commonwealth status for Cyprus, combined with guarantees for the minority on the island, might have been acceptable to Ankara some months ago, Turkey probably would not agree to such a solution at this time. [redacted]

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III. THE WEST

Finnish Political Situation Benefits Communists

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President Kekkonen of Finland, following the customary parliamentary practice, on 31 July reportedly asked deputy Eino Kilpi of the Communist-front Finnish People's Democratic League (SKDL), as head of the largest party in the newly elected Diet, to try to form a majority government. On 29 July, the SKDL had scored a victory in parliament when in its opening session it obtained the post of first vice speaker through the cooperation of 40 of the 48 Agrarians, the 50 SKDL deputies, and the 13 dissident Social Democrats.

The formation of a government including the SKDL is unlikely at the present time in view of the stated opposition of the democratic parties to allowing the Communists to participate in a new cabinet. The President's move may be designed to silence the Communists by giving them a chance to form a government. The elections in parliament, however, indicate the intense bitterness between the two Social Democratic factions and between the regular Social Democrats and the Agrarians, and will make all the more difficult the formation of a stable democratic majority government which can cope with Finland's pressing economic tasks, such as economic expansion and industrialization to increase the standard of living. A continuation of ineffective governments and a failure to cope with the country's economic needs will inevitably benefit the SKDL. [redacted]

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