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14 May 1959

Copy No. C 62

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# CENTRAL

# INTELLIGENCE

# BULLETIN



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DOCUMENT NO. \_\_\_\_\_  
NO CHANGE IN CLASS.  
CLASS. CHANGED TO: 2016  
NEXT REVIEW DATE: \_\_\_\_\_  
AUTH. HR 70-2  
DATE 4.14.80 REVIEWER: \_\_\_\_\_

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DOS and DIA review(s)  
completed.

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Approved For Release 2002/10/21 : CIA-RDP79T00975A004500030001-8

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Approved For Release 2002/10/21 : CIA-RDP79T00975A004500030001-8

## CENTRAL INTELLIGENCE BULLETIN

14 May 1959

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### DAILY BRIEF

#### I. THE COMMUNIST BLOC

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USSR-Burma: Apparently as a result of the severe damage done recently to the USSR's prestige in Burma, Moscow is replacing its ambassador, A. D. Shchiborin, who would have become dean of the diplomatic corps next month.

Hostile public reaction to the Soviet Embassy's high-handed methods in handling the case of the Soviet military attaché and Shchiborin's failure to quash a libel suit against a TASS representative probably prompted Moscow's decision.

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Watch Committee conclusion--Berlin: No significant indications bearing on the possibility of hostilities.

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II. ASIA-AFRICA

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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 situation in the area remains precarious, but a deliberate initiation of large-scale hostilities is unlikely in the immediate future.

*No* Iraq: Qasim shows no signs that he is taking resolute anti-Communist action; consequently the Communists pursue their course toward control of Iraq.

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Indonesia: In return for a "guarantee" against further attacks on Goodyear's Wingfoot rubber estate, the largest in Sumatra, the Indonesian dissidents have demanded 10 percent of the estate's revenue. Both Goodyear and US Rubber interests in Sumatra have been severely harassed in recent months. The dissidents estimate the proposed levy on Goodyear would amount to the equivalent of about \$30,000 monthly at the official exchange rate.

14 May 59

DAILY BRIEF

ii

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LATE ITEMS

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\*Laos: Two battalions of former Communist dissident troops, scheduled to be integrated into the Laotian Army on 11 May, boycotted the ceremonies and have barricaded themselves in their compounds, located in northern and central Laos. These former Pathet Lao units, although surrounded by superior Laotian Army forces, are armed and may attempt to break out and resume dissidence.  

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*OK*

\*Peru: The Peruvian Government apparently expects disaffected military elements, with some backing from the oligarchy, to attempt assassinations of key political figures and the overthrow of the government within the next few days. A coup attempt is unlikely to succeed, but the government alert may be a prelude to a new suspension of constitutional guarantees or may lead to intervention by the regular military to remove President Prado from office.  

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USSR Replaces Ambassador in Burma Following Incidents

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Soviet Ambassador A. D. Shchiborin in Rangoon revealed [to the Burmese foreign minister] on 11 May that he was being reassigned, [and requested agreement for his successor, tentatively identified as A. M. Ledovsky, a former deputy chief of the Far East Division of the Soviet Foreign Ministry.] Shchiborin had been assigned to Rangoon since September, 1954; he would have become dean of the diplomatic corps there next month.

The change apparently results from Burmese reaction to the Soviet Embassy's high-handed methods in handling the case of the Soviet military attaché on 26 April, as well as Shchiborin's recent failure to quash a libel suit against a TASS representative. The continued decline of Soviet prestige and influence in Burma since the Ne Win government came to power last September may also have influenced the replacement.

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[redacted] the general Burmese reaction will probably be one of satisfaction that the ambassador is apparently being punished for the incident. [redacted]

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Indonesian Dissidents Demand Protection Money From American-Owned Rubber Estate

Indonesian dissidents on 4 May demanded ten percent of the income from Goodyear's Wingfoot rubber estate, the largest in Sumatra, in return for a "guarantee" against further attack, according to Wingfoot's manager. The manager told the American consul at Medan that the dissidents estimated this amount at 300,000 rupiah monthly--approximately \$30,000 at the official exchange rate. A similar approach has been made to a Goodyear official in Singapore, where a dissident representative stated that the rebels' increased activity against Goodyear was provoked by American arms aid to the central government.

Goodyear's managing director for Indonesia gave the American consul the impression that he is prepared to recommend acceptance of the rebel proposal, since adequate security appears otherwise unavailable in the immediate future. The rebels have given Wingfoot two weeks to consider the proposition. The deputy territorial army commander in North Sumatra appears "not unduly disturbed," and told the consul more troops would be stationed eventually in the Wingfoot area. [Prime Minister Djuanda also stated recently that a decision had been made to transfer additional troops to Sumatra.]

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Despite army claims of improved security, Indonesian government forces have been notably unsuccessful in protecting the estate area, and even an increase in forces assigned is unlikely to forestall hit-and-run raids. Goodyear's Wingfoot estate alone comprises 40,000 acres. With the exception of the towns, the area appears largely rebel controlled. The government's two limited offensives in the past six months were disastrously ambushed by the dissidents.

US Rubber, with the knowledge of the local Indonesian army commander, agreed in mid-April to a dissident demand that the rebels be permitted to tap a section of US Rubber's Damoeli estate. Dissident attacks on foreign estates in North Sumatra began in June 1958, and have become increasingly serious since January 1959.

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LATE ITEM

Former Pathet Lao Troops Resist Integration

Two battalions of former dissident Pathet Lao troops have defied an order to integrate into the Laotian Army and have barricaded themselves in their compounds in northern and central Laos. Although Laotian army units in superior force have surrounded these troops and have given them an ultimatum to surrender, they may attempt to break out.

These former Pathet Lao troops, who are armed and considered hard-core pro-Communists, have been virtually held prisoner since January, 1958, when they placed themselves under Laotian command as required by the unification settlement. Their treatment has fostered discontent, and there have been some desertions. [There were reports that they feared the government planned to wipe them out.] Vientiane's plan to disperse the two battalions throughout the regular army in small units, in this context, may be construed by the former Pathet Lao as the first step toward repression and elimination.

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In the event the NLHZ should feel compelled to resume major armed dissidence, the Laotian army could probably maintain internal security only along major communications routes and in populated areas.

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**LATE ITEM****Peruvian Government Expects Coup Attempt**

The Peruvian Government expects disaffected military elements, with some backing from the oligarchy, to attempt assassinations of key political figures and the overthrow of the government within the next few days, according to American Ambassador Achilles. The minister of government is staying away from home and has warned certain others--including the leader of APRA, Peru's most popular political party--to do likewise. The government prefers to catch the conspirators in the act rather than make preventive arrests.

The constitutional government of conservative President Prado has completed almost three years in office, despite the country's long tradition of authoritarian rule. Prado's weak leadership in the face of deteriorating economic conditions and increasing Communist activity, however, has led to considerable dissatisfaction and unrest. Army Chief of Staff Cuadra told the American ambassador prior to a 30-day suspension of constitutional guarantees, which is to end on 16 May, that the motivation for such a step would be the regime's concern over a Communist-aided revolutionary effort on 17 March.

Although the possible coup attempt probably would be unsuccessful, the present government alert may foreshadow a new suspension of constitutional guarantees and could even be a prelude to intervention by the military to remove President Prado in favor of an equally conservative but more energetic regime.

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