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21 August 1959

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CENTRAL INTELLIGENCE BULLETIN



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21 AUGUST 1959

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

India protests Chinese Communist action against Bhutanese enclaves in Tibet.

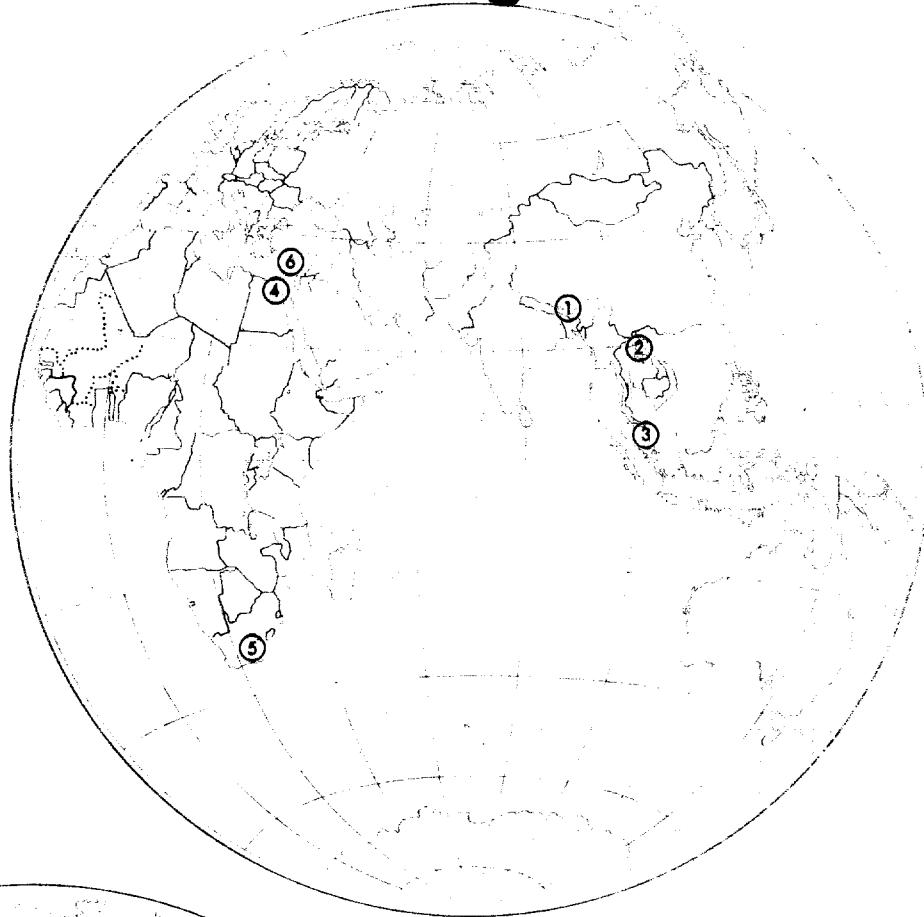
Laotian King reported dying.

Malayan ruling party to face significant opposition in legislature for first time.

Cairo gives Tapline ultimatum on raising payments.

New violence in South Africa.

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- ③
- ④
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III. THE WEST

- ⑥ Clashes on Cyprus may follow decision to ban Communist congress.
- ⑦ Argentina--Frondizi briefs military on plans to outlaw Communists and bar Peronista candidates.

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CENTRAL INTELLIGENCE BULLETIN

21 August 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

ND

India - Communist China: New Delhi has officially complained to Peiping over the recent seizure by Chinese authorities of arms from Bhutanese troops guarding several enclaves in Tibetan territory traditionally administered by the semi-independent Himalayan border state of Bhutan. The Indian Government's [] instructions to its ambassador in Peiping anticipate a Chinese refusal to admit the existence of any foreign enclaves in Tibet, but New Delhi feels it must make this protest in an effort to force recognition of its protectorate over Bhutan. In any reply to this representation, which follows other protests about Chinese treatment of Indian nationals in Tibet, Peiping is likely to accuse New Delhi of further "interference" in China's internal affairs. []

(Page 1) (Map)

ND

Laos: Aged King Sisavang Vong is reported dying. His successor would almost certainly be strongly pro-Western Crown Prince Savang, and the transition should have little impact on the political situation. If the King should linger, Savang will probably be named regent. []

OK

Malaya: The more than two-thirds majority obtained by the ruling Alliance party in the general elections of 19 August assures the continuation of Malaya's pro-Western orientation and its moderate domestic policies. For the first time, however, the Alliance will face significant opposition in the legislature. The opposition parties, divided on other issues, are unanimous in criticizing the government's pro-Western foreign policy and the defense treaty with Britain, which they charge ties Malaya to SEATO. [] (Page 3)

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OK **UAR-Tapline:** [Cairo has issued an ultimatum to the American-owned Trans Arabian Pipeline Company (Tapline) that the company must accede to Syrian demands for sharply increased revenues by 5 September or the UAR will unilaterally decree a tax equivalent to the Syrian demands. Although Tapline has been willing to increase payments substantially to the four Arab countries through which the pipeline passes, it considers the Syrian demand confiscatory. Even a shutdown of the pipeline, however, would not seriously affect the flow of Saudi oil to Western Europe.]

(Page 4)

OK **Union of South Africa:** Unrest in the province of Natal, whose port of Durban was the scene of African disorders in June, broke out in violence in several areas this week as a result of African opposition to the government's labor and agricultural laws. The American Embassy at Pretoria is concerned over the widening geographic scope of the outbreaks, but does not question the ability of the South African police to cope with the current situation. The government may increasingly be faced with African disorders in rural areas as well as in the urban centers of nationalist agitation.

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III. THE WEST

OK **Cyprus:** [Clashes between British security forces and Cypriot leftists may result if Governor Foot carries out his announced intention of preventing the holding of a Communist party congress on Cyprus between 28 and 30 August. Agitation for legalizing the Communist party, which has a large popular following, has increased recently, and the announcement of the forthcoming congress was in open defiance of the 1955 order proscribing Communist activity. On the other hand, any reversal of Foot's stated intent could cause a violent reaction among right-wing extremists on Cyprus.]

(Page 6)

OK **Argentina:** President Frondizi's plans to outlaw the Communist party, to bar Peronista candidates, and to revise the electoral

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system reflect concern over agitation by Communists and Peronistas against the US-backed stabilization program and their possible collaboration in the March 1960 congressional elections.

[redacted] He probably hopes such briefings will lessen doubts concerning his policies among those involved in the military unrest of the past two months.

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IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Political Stability in the European Satellites and in the Overall Satellite Structure During the Next Few Years. NIE 12-59.

Aug 59. [redacted]

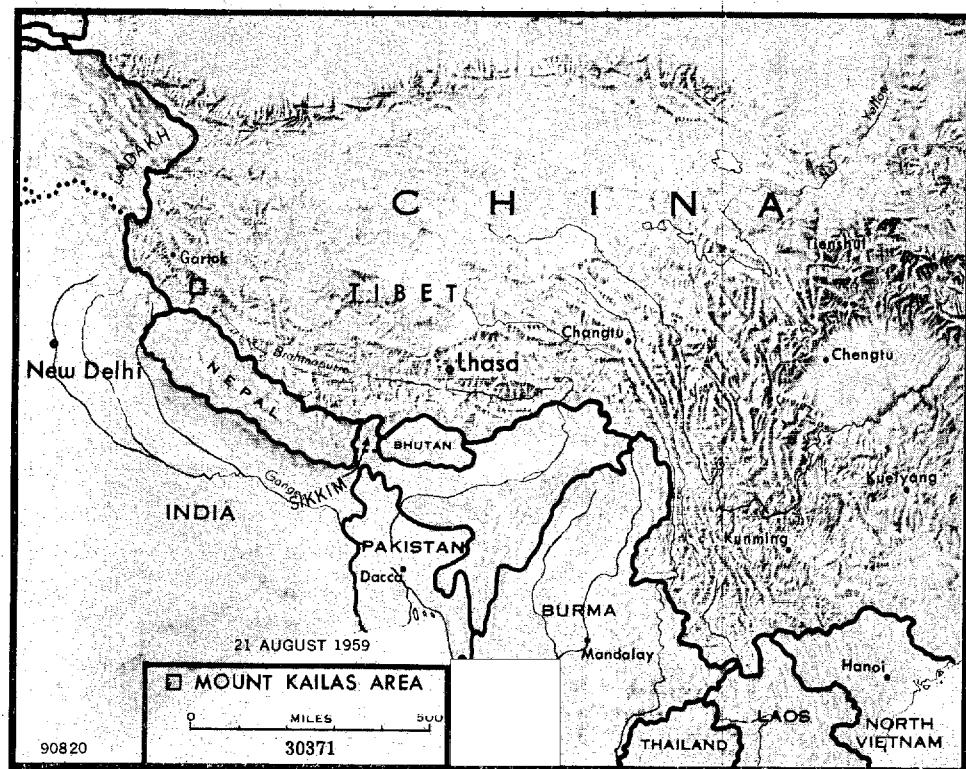
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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

New Delhi Sends New Protest to Peiping Over Seizure Of Bhutanese Property in Tibet

[The Indian Government--already irritated over Communist China's treatment of Indian nationals in Tibet--has sent a formal complaint to Peiping over Chinese treatment of representatives of the Himalayan border state of Bhutan.]

[the Chinese have seized arms and ponies from "Bhutanese infantry" guarding several enclaves in the Mount Kailas area of southwestern Tibet which have been administered for some 300 years by the government of Bhutan. The Indian ambassador in Peiping was instructed to seek immediate restoration of traditional Bhutanese rights.]

[While New Delhi expects the Chinese to refuse to recognize foreign enclaves in Tibetan territory, the protest is designed to remind both Chinese and Bhutanese officials of India's protectorate over Bhutan. New Delhi is responsible for Bhutan's foreign relations under the terms of a 1949 treaty; Indian officials concede that the isolated Tibetan-oriented state has been reluctant to accept this position.]

[The Chinese now are trying to curtail Indian influence in Tibet by deliberate harassment of Indian nationals and by hindrance of traditional border trade. Prime Minister Nehru has stated that Chinese replies to India's complaints in this regard have "not been satisfactory." In replying to this latest representation, Peiping is likely to accuse New Delhi of further "interference" in China's internal affairs.]

[Continuing press reports of Chinese incursions along the Indo-Tibetan frontier, particularly in the Ladakh area of Kashmir, have aroused considerable attention recently in India and increased the pressure on Nehru's government. New Delhi]

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officially denied the reports on 19 August, and there is little evidence to back them up. Growing fear in India of Chinese "expansionist" aims, however, stimulated by press and parliamentary discussion, is likely to cause continuing friction in Sino-Indian relations.)

[redacted] confirmed the recent dispatch of additional contingents into Ladakh and the border state of Sikkim, probably as a token show of force.] [redacted]

[redacted]

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~~CONFIDENTIAL~~Malayan Ruling Party Sweeps National Elections

In the 19 August general elections, the ruling Alliance party of Malaya won 71 of the 104 seats in the new House of Representatives, which replaces the partially elected Legislative Council formed prior to Malayan independence. Of the principal opposition parties, the Pan Malayan Islamic Party (PMIP) won 13 seats, the Socialist Front 8, and the People's Progressive Party (PPP) 4. Two small parties and independent candidates won 5, while two seats remain in doubt and one will be contested again because of the last-minute disqualification of a candidate.

The sweeping victory is a personal triumph for Abdul Rahman, who resigned as prime minister in mid-April to devote full time to campaigning and to strengthening the Alliance organization. Rahman is expected to form a new cabinet on 21 August, the composition of which will probably place increased emphasis on economic development. Major changes in Malaya's pro-Western foreign and moderate domestic policies are unlikely.

The Alliance, which controlled 50 of the 52 elective seats in the previous legislature, will, for the first time, face significant opposition in the new House of Representatives. All non-government parties will be united in opposition to the government's foreign policy, especially the defense treaty with Britain which indirectly ties Malaya to SEATO. On internal policies, the opposition will be sharply divided between left-wing Chinese and right-wing Malay nationalists on racial issues.

The defeat of all but three of the 14 candidates who recently broke away from the Malayan Chinese Association (MCA), the Chinese component of the Alliance, is likely to dampen the dissidents' prospects of taking the MCA out of the Alliance or of forming an effective new party. [redacted]

~~CONFIDENTIAL~~

~~SECRET~~UAR Issues Ultimatum to Tapline

[Cairo has issued an ultimatum to the American-owned Trans Arabian Pipeline Company (Tapline) that if the company does not accede to the Syrian region's demands for sharply increased revenues by 5 September, the UAR will decree a tax equivalent to the Syrian demands. Although transit fees were firmly fixed in Tapline's concession agreements with Saudi Arabia, Jordan, Syria, and Lebanon, the company has been willing, for more than three years, to increase these payments substantially by applying a 50/50 profit-sharing formula. Thus far, the Arab countries have been unable to agree on how to determine Tapline's annual profit and how to divide the company's payments.]

[The UAR's demand on behalf of Syria may have been encouraged by the Iraq Petroleum Company's recent agreement with Lebanon which more than tripled Beirut's transit fees from IPC pipeline operations. Damascus receives about \$1,200,000 annually from Tapline but now demands \$5,000,000 to \$7,000,000 annually, retroactive to 1955. Tapline points out that if the three other Arab states copy Syria's demand, the company will "be put out of business."] (b)(1)

[Tapline's transit convention with Syria calls for arbitration of disputes. In this case, however, Cairo's action might cause the company to shut down the line. Saudi Arabia's Persian Gulf oil port of Ras Tanura, with a capacity of about 1,500,000 barrels a day, is now shipping only about 650,000 barrels and could readily handle the amount diverted by a pipeline closure. There is also a substantial surplus of tanker tonnage.]

[A shutdown of the line would involve substantial financial losses for Tapline, Saudi Arabia, Lebanon, and Jordan, but the UAR would profit substantially since the oil thus diverted would transit the Suez Canal. On the basis of present pipeline volume, Cairo would gain about \$17,000,000 annually in additional canal fees.]

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~~SECRET~~Rioting Spreads in South Africa

The week-long rioting in South Africa's coastal province of Natal continues to spread throughout the province. The American Embassy believes, however, that the police can prevent the situation from getting out of hand. The disorders, instigated by African women protesting the government's agricultural and labor policies, have caused only two African deaths but have resulted in hundreds of arrests.

Touched off by the relatively unimportant burning of a government hut by African women, the disorders have taken on more serious aspects--such as mass demonstrations against jails, the burning of a school, isolated sabotage of transport and communications lines, [and the threat of wide-spread arson against the sugar plantations and urban centers.]

[The disturbances are symptomatic of increasing rural lawlessness and African unrest since the beer-hall riots in June in the city of Durban. The police have found no evidence of subversion, but the apparent spontaneity of the demonstrations suggests that the government will increasingly face such disorders throughout the Union.]

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III. THE WEST

Prohibition of Communist Party Congress Leads to New Tension on Cyprus

[Cypriot Governor Hugh Foot has warned Communist leaders on Cyprus that if they persist in their announced intention to hold an illegal party congress from 28 to 30 August he will enforce the law. Foot's statement follows a period of increasing Communist activity on Cyprus, climaxed by the recent announcement of the proposed congress.]

[The party--the Reform Party of the Working People (AKEL)--almost exclusively Greek Cypriot in composition, was proscribed in December 1955 at the height of the struggle between the Greek Cypriots and the British. AKEL, however, took little part in the struggle for "enosis" and thus earned the hatred of the Greek Cypriot nationalist extremists. Following conclusion of the agreements last February which provide for Cypriot independence by February 1960, the Communists began agitating for legalization of their party.]

[AKEL apparently has grown in strength while proscribed. A party official recently boasted that AKEL membership was over 7,000--largest in history. The party also directly controls the largest trade union on Cyprus and was able to attract 40,000 to 60,000 persons for a rally in Nicosia on 28 June.]

[The British, while hesitating to make a final decision on lifting the ban on AKEL, are being challenged by the open defiance of the law which the holding of a party congress would represent. If they enforce the provisions against AKEL and prevent the congress from convening, widespread demonstrations could result. Conversely, permission for holding the rally, which would mean a de facto legalization of AKEL, might cause a violent reaction among the extreme Greek Cypriot right-wing nationalists.]

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~~SECRET~~Argentine President Briefs Military on Anti-Communist Plans

Argentine President Frondizi told high military officials in a [redacted] briefing [redacted] that the Communist party would be outlawed and that any party linked with Peron or the Communists would be banned from the congressional elections in March 1960. Frondizi probably hopes such briefings will not only clarify his policies to those officers whose concern over Communist and Peronista activity led to the recent military unrest, but also elicit their strong support against difficulties anticipated as a result of threatened strikes. Frondizi's plans are not known in detail, but he seems to believe the courts may be the main instrument for outlawing Communist activity.

Peronista and Communist leaders have been working together in some strikes, denouncing the US-backed stabilization program as a starvation plan imposed by the International Monetary Fund. They threaten to force out the new minister of economy, the main executor of the program, by the end of October.

Communist party strength, estimated at 75,000 to 80,000 members with some 175,000 sympathizers, seems to be increasing. Obviously aided by Peronistas, Communist candidates received 24,411 votes in the recent elections in several towns of Santa Fe Province alone, although no elections were held in Rosario, the largest city and main Communist center in Santa Fe. This illustrates the increased Communist activity in areas outside South American capitals, particularly in Argentina, Brazil, Uruguay, and Colombia. [redacted]

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Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

Director of Naval Intelligence, Department of the Navy

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

Supreme Allied Commander, Europe

Commander in Chief, Pacific

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The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

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The Director

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