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13 January 1959

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CENTRAL INTELLIGENCE BULLETIN



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13 JANUARY 1959

I. THE COMMUNIST BLOC

Moscow proposes resumption of surprise-attack talks and insists they must be linked to disarmament.

(1)

II. ASIA-AFRICA

Japan - Premier Kishi's position further weakened by refusal of party dissidents to participate in new cabinet.

(2)

Taiwan - Ten-percent cut in military forces under consideration.

(3)

South Korea - Police harass Korean visitors to US Embassy.

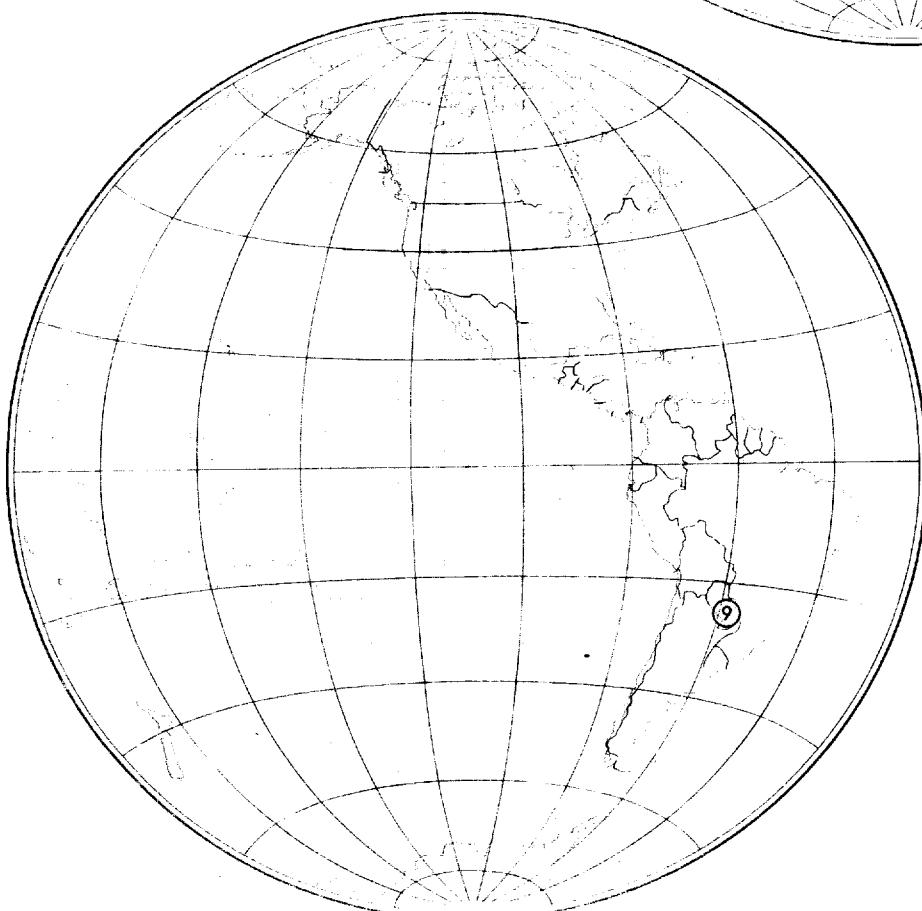
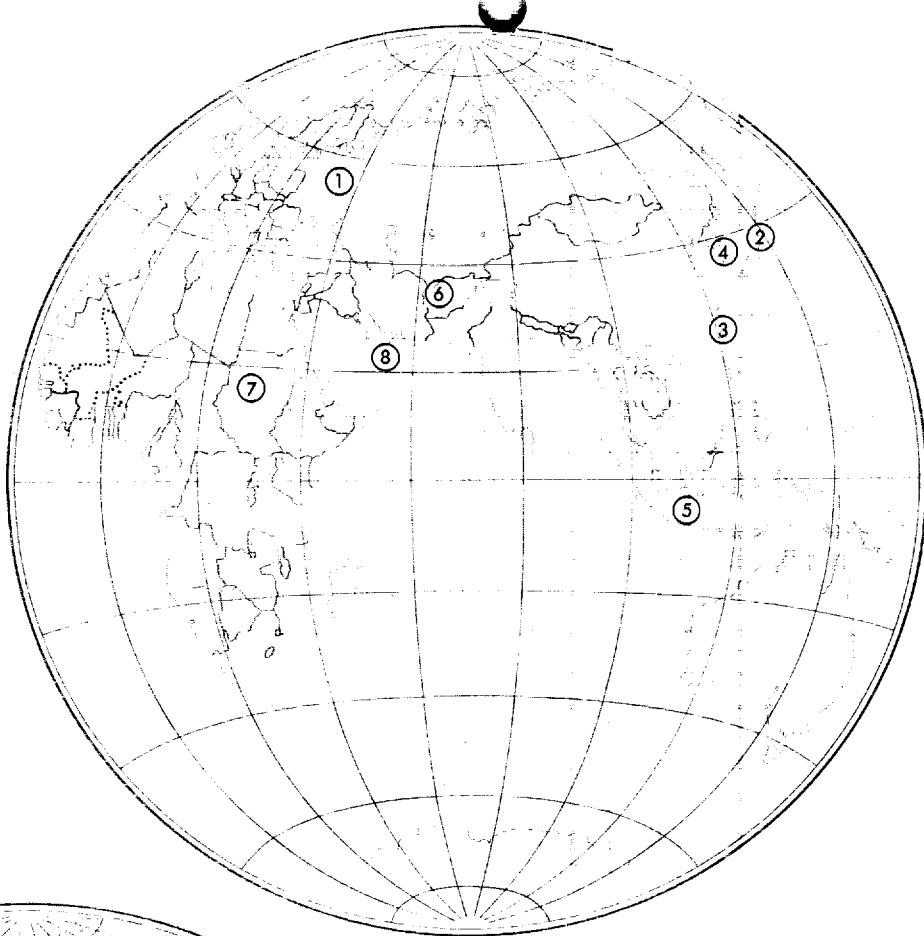
(4)

Indonesia - USSR may have offered new \$125,000,000 loan.

(5)

Afghanistan - USSR to train more Afghan military personnel, extend other aid.

(6)



(7) Sudan - Abboud has not fulfilled promises to act on major issues; may be tempted by Soviet aid offers.

(8) London increasing small commando forces supporting Sultan of Muscat against Omani rebels.

III. THE WEST

(9) Paraguay - Armed exiles massing on Argentine border.

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CENTRAL INTELLIGENCE BULLETIN

13 January 1959

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DAILY BRIEF

I. THE COMMUNIST BLOC

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Surprise-attack talks: The Soviet proposal to reconvene the technical talks in Geneva on measures to prevent surprise attack reaffirms Moscow's 28 November omnibus plan which links this problem to disarmament measures. Moscow probably believes this action will make a favorable public contrast to Western insistence that the results of the previous sessions be evaluated before setting a specific date for reconvening. [] (Page 1)

II. ASIA-AFRICA

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Japan: The refusal of major dissident leaders in the ruling Liberal-Democratic party to participate in the new cabinet and party executive line-up announced on 12 January has further weakened Prime Minister Kishi's position. The party and cabinet reshuffle is only a superficial resolution of intraparty strife, and pressure will be maintained on Kishi to accede further to dissident demands. [] (Page 2)

Taiwan: []

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[] serious consideration is being given to a 10-percent cut in the strength of the Nationalist Army, Navy, and Air Force. The motivation stems partly from the need to hold down military spending and from the reduced numbers of Taiwanese available for conscript service in the coming years.) [] (Page 3)

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South Korea: [Police are subjecting the US Embassy in Seoul to close surveillance and are harassing its Korean visitors. The action may be designed to limit the embassy's knowledge of the repressive police measures now being taken against the opposition Democratic party. It may also be related to Rhee's reported belief that the US is providing financial support to the Democrats.]

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USSR-Indonesia: [A new \$125,000,000 Soviet loan has reportedly been offered Indonesia, but President Sukarno is said to be reluctant to accept. The Indonesian finance minister is urging acceptance of at least part. The first Soviet credit totaling \$100,000,000 was accepted by Indonesia in February 1958 and has been almost fully allocated by Djakarta for economic projects.]

(Page 4)

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Afghanistan-USSR: [Specific agreements reached between the USSR and Afghanistan during the early January Moscow visit of Foreign Minister Naim include training of additional Afghan military personnel in the USSR, institution of jet aircraft service to Afghanistan, increased medical aid, and improved facilities for commerce.]

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Sudan: [The Abboud government has not fulfilled its promises of providing more dynamic action on the major issues confronting the Sudan. No agreement with the UAR on Nile waters distribution is in sight, cotton marketing practices have not been reformed, and the cabinet's military members are unwilling to seek help from experienced civilians. Despite its apparent desire to maintain a pro-Western orientation, the government will be strongly tempted by aid offers carried by a Soviet trade delegation due to arrive on 22 January, especially if they would enable Abboud to claim significant progress on the Nile waters development problem.]

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Britain-Oman: [In the Sultan of Muscat's inconclusive 18-month campaign against the Omani rebels, the latest development is London's decision to increase the 100-man commando-type force with which it supports the Sultan's British-led native troops. It probably hopes to eliminate the rebels before summer seriously handicaps operations.]

[Saudi Arabia appears to be sending more aid to the rebels.] (Page 8) (Map)

III. THE WEST

Paraguay: Reports of large numbers of armed exiles massed on the Argentine border have seriously disturbed the government. The exiles, mainly left-wing opposition elements, [] have six aircraft as well as expectations of support by some army elements and organized civilian groups within Paraguay. Two smaller exile invasion efforts failed last year.

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I. THE COMMUNIST BLOC

New Soviet Note on Surprise-Attack Talks

The Soviet call to reconvene the technical conference in Geneva on measures to prevent surprise attack underlines Moscow's effort to place the onus on the West for the stalemate in the pre-Christmas sessions. The note charges that the Western rejection of the original Soviet proposal to reconvene on 5 January was responsible for delaying the search for a mutually satisfactory solution. Moscow probably believes that this bid to resume negotiations will contrast favorably with Western insistence that the results of previous sessions be evaluated before a specific date is set for reconvening.

Moscow has not changed its views on the scope of the talks. The note reaffirms its determination to introduce political considerations into the negotiations, and specifically states that the declaration introduced on 28 November by the Soviet delegate is still the Soviet position. The 28 November declaration, as amended by Moscow's so-called technical paper introduced on 12 December, would link the surprise-attack problem to politically motivated disarmament measures. Reiteration of this omnibus plan--previously rejected by the West--indicates that the USSR still does not desire serious negotiations.

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II. ASIA-AFRICA

Japanese Cabinet Reshuffle Fails to Stabilize
Kishi's Position

The refusal of major dissident leaders in the ruling Liberal-Democratic party to accept any of the four cabinet vacancies filled on 12 January or to participate in the reshuffle of party executive posts has dealt a major blow to Prime Minister Kishi's leadership and makes his tenure as prime minister even more uncertain.

Dissident leader Mitsuiro Ishii, who contended unsuccessfully with Kishi for the prime ministership in 1957, at the last minute refused to accept the post of deputy prime minister in the cabinet line-up and thwarted Kishi's efforts to restore party balance. The ensuing appointment of subordinate leaders to fill the cabinet vacancies created when dissident leaders resigned late last month probably is only a temporary solution.

The reshuffle points up Kishi's diminishing control of the party and government. By withholding their participation, prominent dissident leaders are maintaining pressure on Kishi to meet their demands for a complete cabinet reshuffle and for a postponement of the party presidential election until the expiration of Kishi's term in March. The postponement could give the dissidents time in which to agree on a candidate to challenge Kishi for the top party post and the prime ministership.

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Chinese Nationalists Consider Armed Forces Reduction

[Major General I Fu-en, the chief of Chinese Nationalist Air Force intelligence, informed an American official on 31 December that a directive was being drafted to require each Nationalist military branch to lower its personnel ceiling by 10 percent. General I explained, however, that actual strength is generally below existing ceilings, implying that the cut would actually be less than 10 percent.]

[General I's information tends to confirm earlier reports of an impending strength reduction. Finance Minister C. K. Yen stated in mid-December that he believed that 20,000 to 25,000 men would be dropped from the services, and that a start would be made by eliminating certain units not supported by American funds. General I said that Vice President Chen Cheng supports the move, which has the approval of all top military leaders.]

[Both fiscal and political considerations appear to play a part. The present armed forces strength of about 636,000 men cannot be maintained for many more months without retaining Taiwanese conscripts beyond their legal terms of service, a move which would arouse antagonism. Also, additional expenditures incurred during the recent offshore islands crisis have threatened to upset the national budget and to produce inflationary pressures, to which the Nationalists are sensitive in light of their experience on the China mainland in 1948 and 1949.]

[A 10-percent cut would pose special problems for the navy and air force, which have been receiving additional equipment for which increased manpower is necessary.]

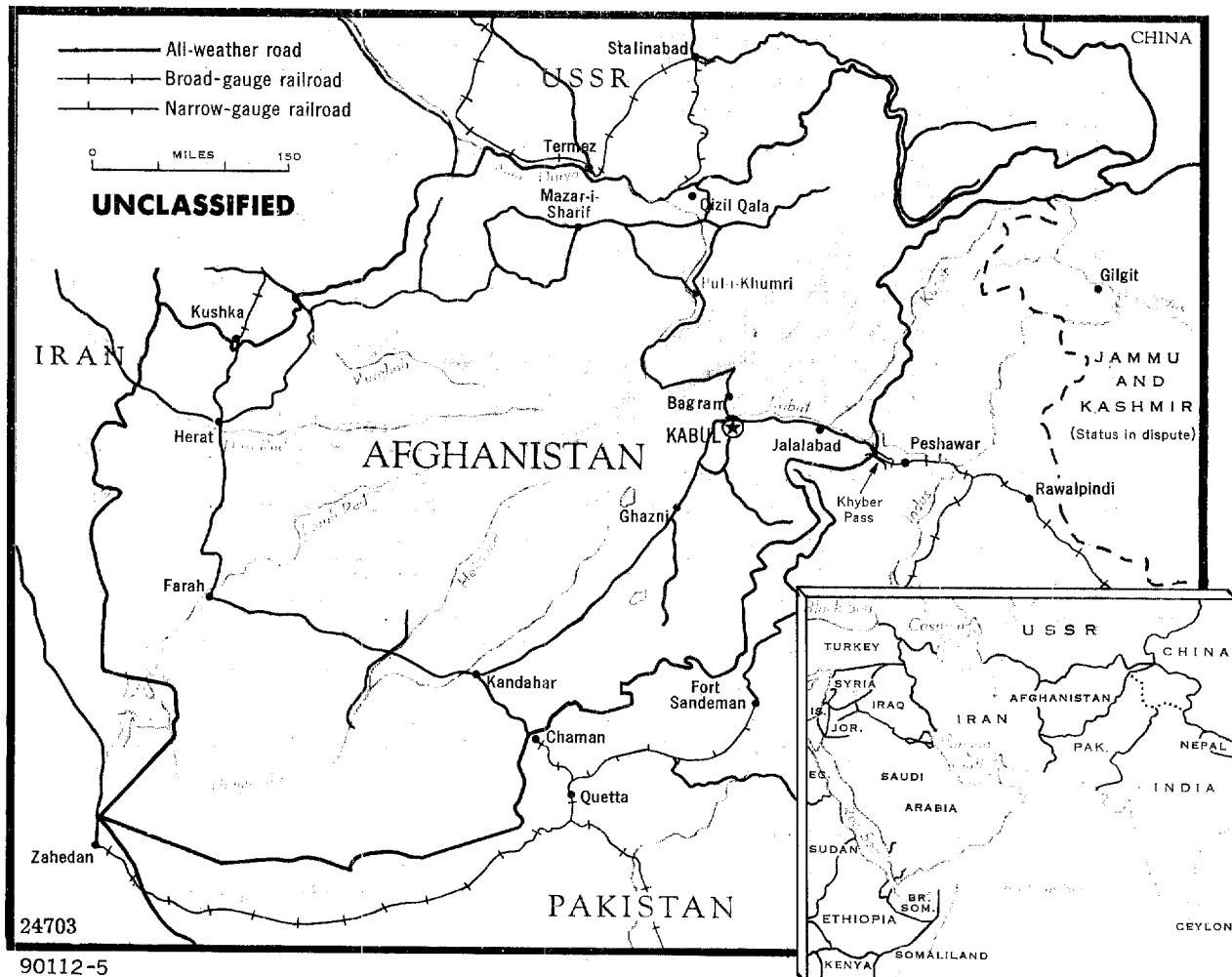
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~~CONFIDENTIAL~~USSR Offers New Loan to Indonesia

[The Soviet ambassador in Djakarta is reported to have offered President Sukarno a new loan worth \$125,000,000. Moscow may hope by this means to forestall Indonesian acceptance of additional Western aid for major development programs by anticipating Djakarta's need for further assistance. The reported offer follows the conclusion on 2 January of Soviet-Indonesian talks which probably considered allocation of the remainder of the \$100,000,000 loan accepted by Djakarta in February 1958. This loan is being used to provide Indonesia with ships, consumer goods and foodstuffs, road construction, an iron smelter, other small industrial projects, and probably some foreign exchange.]

[President Sukarno reportedly is reluctant to accept the loan, possibly out of fear of further alienating the West and cutting off all hope of receiving effective Western assistance. Finance Minister Sutikno Slamet, however, is urging that at least part be accepted. Indonesia's desire for industrial development and its own inability to finance it make a new Soviet credit offer highly tempting. In September 1958 Soviet technicians in Indonesia reviewed requirements for an Indonesian economic reconstruction program.]

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~~SECRET~~Afghanistan to Receive Additional Soviet Assistance

[Afghan Foreign Minister Naim, who ended a visit to Moscow on 5 January, reached a number of [redacted]

[redacted] agreements, in the military, economic, and health fields, reflect the USSR's desire to exploit Afghan apprehension over what Kabul considers a hardening Pakistani attitude and a possible cooling of Western interest in Afghanistan.]

[Naim is reported pleased with his negotiations, probably because all of them will be carried out at Soviet expense. Naim may see in them an indication of a new Soviet willingness to give Afghanistan grant aid, which hitherto has been forthcoming in significant amounts only from the United States.]

[In the military sphere, 65 Afghan jet pilot trainees who have been receiving Soviet instructions in Afghanistan are to be rotated to the USSR for additional training. In addition, 100 Afghan Army majors are reportedly to be sent to the USSR for three or four years' training. So far, the Afghan Government has sent only 50 to 70 senior officers to the USSR because of the risk of Communist indoctrination. The new agreement suggests that Kabul now is willing to take greater risks in order to step up its military preparedness program.]

[In the economic field, Soviet air service to Afghanistan is to be extended by the introduction of jet service when the Bagram airport, 30 miles north of Kabul, is completed this summer. A gift of 3,000 tons of Soviet seed wheat is to relieve Afghanistan's wheat shortage. The USSR has also promised further to develop Qizil Qala, an Afghan port on the Amu Darya River.]

[Medical treatment in the USSR is being offered to all Afghans at bargain prices.] [redacted]

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~~SECRET~~Sudanese Situation

[The American Embassy in Khartoum believes that unless General Abboud's government in the Sudan can soon come up with some accomplishment demonstrating its superiority over the politicians it replaced, the stage may be set for still another army clique to attempt to seize power. The principal problems on which Abboud has failed to make significant progress are agreement with the UAR on the Nile waters, restoration of trade relations with the UAR, building the Roseires Dam to control the Nile inside the Sudan, solving the cotton surplus problem, and getting an over-all development program under way.]

[The government, which initially promised to move quickly to solve outstanding problems with the UAR, now appears pessimistic about the possibility of any agreement. Sudanese Foreign Minister Kheir has stated that UAR pressure on the Sudan is still at about the same level as before the Khartoum coup last November. UAR clandestine activity is likely to continue among the leaders of banned political parties and disgruntled junior army officers. Leaders of the National Unionist party late in December sought the co-operation of Sayyid Abd al-Rahman al-Mahdi, the spiritual leader of the opposing Umma party, in pressing the army regime to allow the parties to function. While this initiative reportedly was rebuffed, efforts to revive political activity will multiply as jobless politicians resume agitating among their erstwhile constituents.]

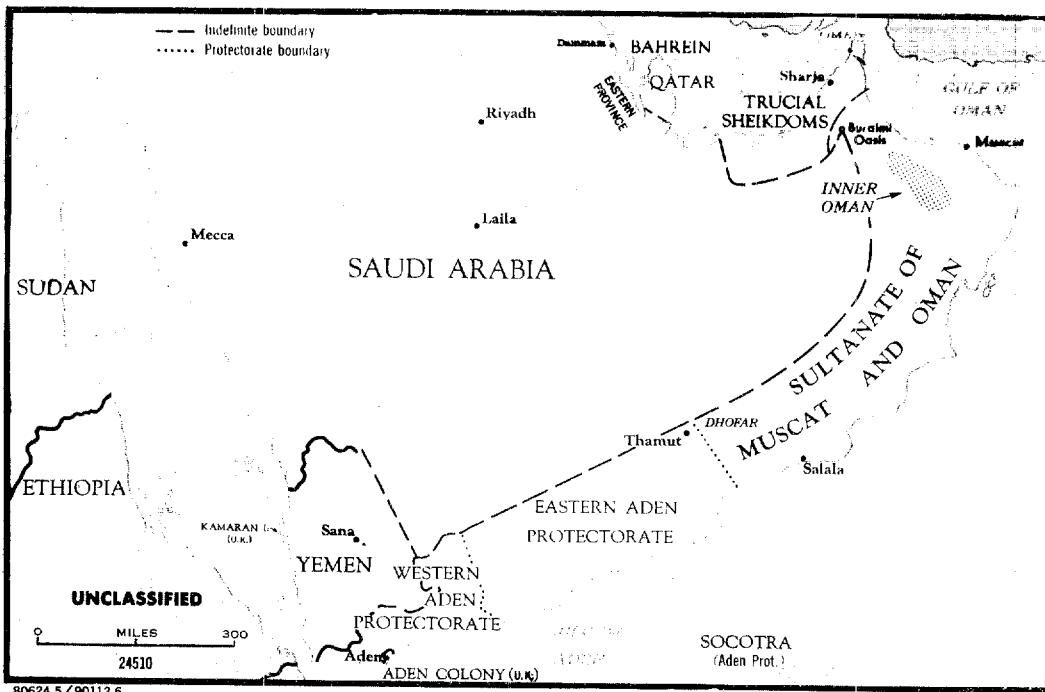
[In the economic field, the British ambassador in Khartoum has reported that the Sudanese Government seems determined to maintain pricing practices which have resulted in very large cotton surpluses in previous years and which will place the Sudan in a particularly unfavorable position when British-UAR economic relations]

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[return to a normal basis. An influential member of the cabinet has indicated that the government's policy is to rely on either the World Bank or the United States for external financial assistance for a development program. However, the Soviet trade mission scheduled to arrive in Khartoum on 22 January may offer trade-aid deals difficult to resist. A Soviet offer related to Nile waters control projects would be particularly attractive.]

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~~TOP SECRET~~Britain Augmenting Special Force in Oman

The 100-man British Special Air Services (SAS) contingent recently committed against the Omani rebels is being increased--possibly doubled. The SAS is an elite force specially trained to operate behind enemy lines and has proved especially useful against Communist guerrillas in Malaya. SAS raids are intended to surprise and capture the leaders of the Omani rebels, who seek independence from the British-backed Sultan of Muscat, and so demoralize the rebels that they can be dealt with by the Sultan's "army." The British, presumably encouraged by the performance of the SAS in Oman so far, may hope to eliminate the rebels before summer heat seriously interferes with military operations and allows the rebellion to drag on for another year.]

[The Sultan's forces, which are supplied, trained, and led by the British, and supported by RAF aircraft strikes, have not shown much stomach for the intermittent fighting during the rebellion which began 18 months ago.]

[The British adopted their new tactics after the breakdown of November truce talks with the rebels, who were apparently stalling for time pending the arrival of more aid from Saudi Arabia, the UAR, and Iraq. In addition to small arms, the rebels have been supplied with machine guns, mortars, and land mines.] 50-caliber machine-gun ammunition and land mines to be delivered to the governor of the Eastern Province. In the past, [to arms destined for the rebels.]

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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

Special Adviser to the President

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

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

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