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17 February 1961

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CENTRAL
INTELLIGENCE
BULLETIN



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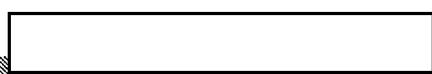
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Communist China: Recent statements from Peiping reinforce the previous conclusion that the regime has been forced to slow down its industrialization program as a result of economic dislocation, the withdrawal of Soviet technicians, and a reduced ability to import industrial equipment. A People's

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Daily editorial of 11 February, probably reflecting Peiping's reduced import capabilities, emphasized the need to produce domestically complete sets of industrial machinery. Economic planner Po I-po, perhaps referring to the Soviet-aided projects, has called for particular attention to finishing partly completed plants, maintaining those already in operation, and correcting supply "discrepancies" which now keep these facilities from functioning as complete units. He implied that new construction would be limited until these tasks are fulfilled.

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25X1 *Burma: [Two anti-American demonstrations have taken place in Rangoon in the past two days and feelings will be intensified by the air engagement on 15 February in which three Burmese fighter aircraft shot down a Chinese Nationalist P4Y over northeastern Burma. Taipei]

[] intends to take the public position that it was on a "mercy mission" for the relief of Chinese refugees in the area. This incident, in which one of the Burmese fighters was also destroyed, follows a government-sponsored press]

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[redacted]
[redacted] Exposé of new American equipment captured at the former bases of the irregulars.

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(Backup, Page 3) (Map)

Iraq: The press in Baghdad, including a government-controlled paper, has attacked Radio Moscow in the strongest tones since the 1958 Iraqi revolution. The press attack, which followed Soviet broadcasts in Arabic of 11 February protesting the Qasim regime's treatment of Communists, includes charges that the Soviet Union is interfering in Iraqi internal affairs and for the first time labeled Iraqi Communists as Moscow's agents. While this Soviet campaign may lead Qasim to take additional repressive measures against Iraqi Communists, they are unlikely to affect Iraq's reliance on the Soviet Union for military and economic assistance, or its desire for Soviet diplomatic support on "anti-imperialist" issues.

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Union of South Africa: The South African Government anticipates new native disturbances which may be timed to coincide with the Commonwealth Prime Ministers' Conference in early March in London. Such disorders--intended to

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attract world-wide attention to the situation of non-whites in the Union--would probably center on the rural areas in the southeastern part of the country where agitators have been calling for a violent struggle against all whites. African exile groups in London also reportedly plan to organize demonstrations there during the conference. The American Embassy at Capetown believes that police reserves and troops, maintained in a state of emergency in the rural section, will deal ruthlessly with any outbreaks, but there would almost certainly be international repercussions, probably including agitation to expel the Union from the Commonwealth.

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Western Europe: [Adenauer has said that he believes "real progress towards European integration" was made in his talks with De Gaulle and four other heads of government in Paris on 10-11 February. He said his personal relations with De Gaulle were restored to their former cordiality, and that he is convinced De Gaulle is now prepared to accept a step-by-step approach to closer political ties among the six Common Market countries. Only the Dutch seem to have offered serious opposition to De Gaulle's concept of political cooperation "among national entities," and the language of the communiqué leans in the direction of endorsing his idea of "confederation." Nevertheless, there is likely to be continued argument among the six over the meaning of "confederation" in the high-level discussions which will take place before the next "summit" meeting of Common Market countries, now set for 19 May.] (Backup, Page 6)

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16 FEBRUARY ADDENDUM TO CONGO CONCLUSION OF WATCH COMMITTEE

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SELECTED INTELLIGENCE REPORTS AND ESTIMATES

(Available During the Preceding Week)

Initial Bloc Treatment of the New US Administration:
Divergencies Between Moscow and Peking: A Comparative
Study of Moscow, Peking, and European and Far East Satel-
lite Radio Coverage of the Kennedy Administration's First
Two Weeks in Office. F. B. I. S. Radio Propaganda Report,
Current Developments Series CD.183. 13pp. 3 February 1961.

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Military Build-up in Cuba: Extent of the Sino-Soviet Bloc
Military Collaboration With the Castro Regime, Examination
of the Cuban Military Build-up Since Castro Came to Power,
and the Intentions of the Castro Regime With Regard to This
Build-up; Chronology of Events, January 1959 - January 1961.
Map, Tables. U. S. I. B. Ad Hoc Committee. OCI No. 0592/
61-C. 52pp. 9 February 1961.

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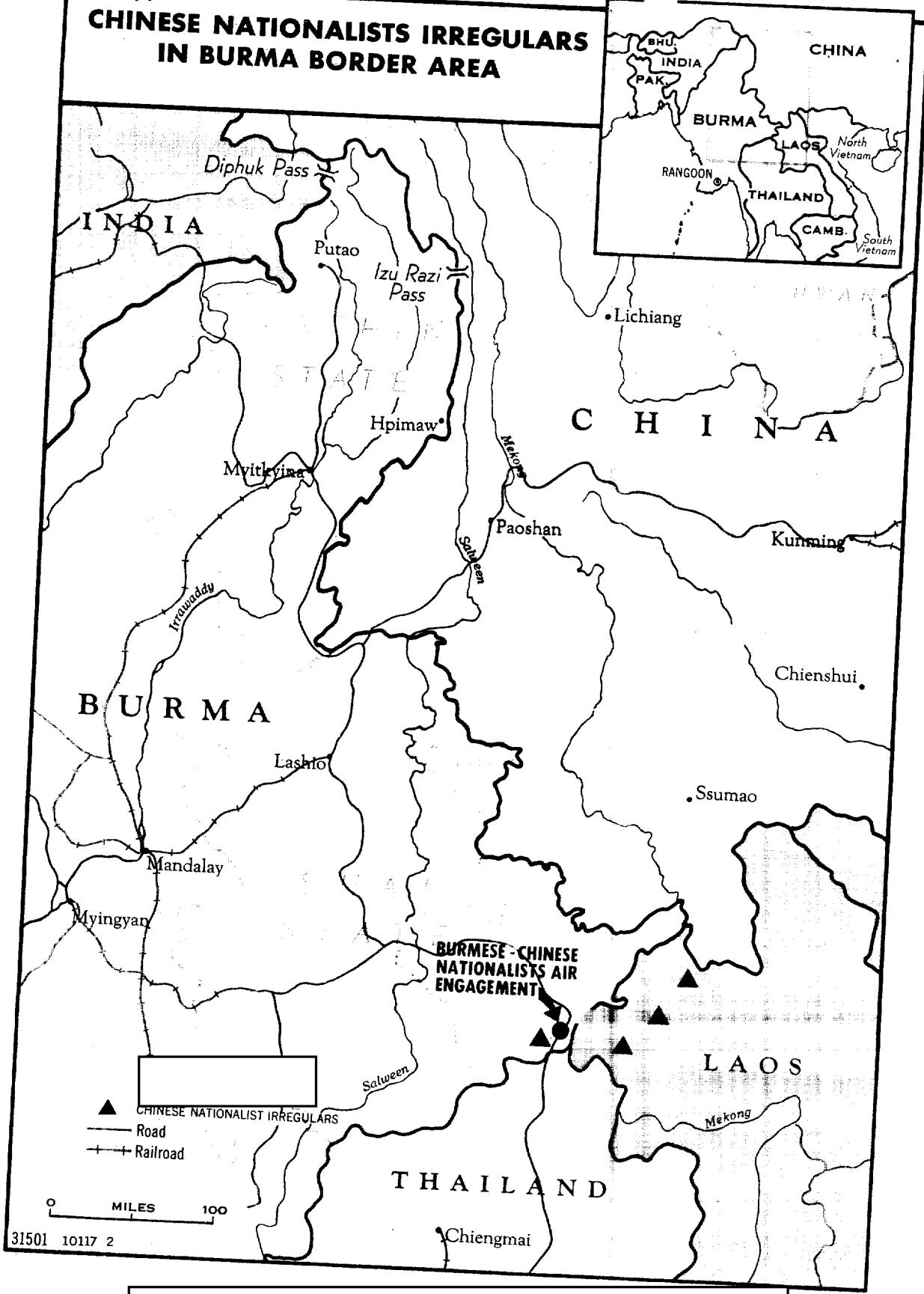
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CHINESE NATIONALISTS IRREGULARS IN BURMA BORDER AREA



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Anti-American Sentiment in Burma

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[The issue of the Chinese Nationalist irregulars in north-eastern Burma threatens to return US-Burmese relations to the low point they reached in 1953. At that time the Burmese took the Chinese irregular problem to the United Nations, demanding that the Chinese Nationalist government be branded an aggressor. Simultaneously Rangoon canceled American economic aid projects and by implication charged the United States with tacitly approving Taiwan's resupply of the irregulars. Only after extended negotiations in Bangkok and the evacuation of some 7,000 irregulars to Taiwan in 1954 did relations begin to improve.]

[The current development comes at a time when many senior pro-Western officers have been removed from influential army posts for antigovernment plotting, and the US military aid program in Burma is in jeopardy. The Burmese and English-language press in Rangoon have claimed that some of the equipment captured at former bases of the irregulars was more modern than any made available to the Burmese Army, and newspapers of 15 February carried pictures of the ICA handclasp symbol, allegedly taken from an air-dropped box of ammunition. On 15 February some forty leftists from the Communist-dominated Burma Trade Union Congress pelted the US Embassy with tomatoes; the next day some 500 persons gathered there in a pro-Lumumba demonstration. The Burmese police intervened tardily in both cases.]

[Burmese Vice Chief of Staff Brigadier Aung Gyi is making a personal investigation of the shootdown.]

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Aung Gyi also has mentioned the possibility that Burma may again take the problem of the irregulars to the United Nations, in order to prevent the Burma border area from becoming "another Laos."

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Native Groups Planning Disorders in South Africa

Prime Minister Verwoerd told parliament on 10 February that the government has information that dissident groups are planning disorders around the time of his trip to London in early March. Similar demonstrations are being organized by leftist organizations in London.

In South Africa many of the former leaders of the African National Congress such as Chief Luthuli, Doctor Matthews, and Doctor Zuma have been superseded by younger activists--often Communist-oriented--who are preaching a doctrine of violent struggle against the whites.

[redacted] believes that the natives in the rural reserves of the Transkei and Pondoland in the southeastern part of the country would be willing to suffer many casualties in order to publicize their case before the world. The rival native organization--the Pan-Africanist Congress which was instrumental in organizing the Sharpeville demonstrations in late March last year--reportedly does not at present plan to foment any trouble in urban areas of the Union in March but will participate in demonstrations in London.

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Pondoland has been a special security problem for several months. Tribesmen have refused to pay taxes and have engaged in killings and hut burnings as a protest against the chiefs appointed by the government under its "Bantustan" policy of creating self-sufficient native areas. Last December mobile army troops were sent into the area to reinforce some 300 police already there and were granted sweeping powers to make on-the-spot arrests without fear of legal punishment.

[redacted] At the Commonwealth prime ministers' conference which opens in London on 8 March, South Africa hopes to gain Commonwealth acceptance in its new status as a republic. Recently, reports have indicated that it may be successful despite earlier opposition from several states including Ghana, Nigeria, Canada, and Malaya. However, an outbreak of native rioting, probably leading to African loss of life at the hands [redacted]

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[of the South African police, might induce several states to oppose the Union's continued membership in the Commonwealth.] []

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European Confederation Talks

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[The results of the top-level talks in Paris last week end on closer political ties among the six Common Market (EEC) countries were apparently predetermined in large part by Adenauer's meeting with De Gaulle on 9 February. According to Netherlands Foreign Minister Luns, De Gaulle opened the "little summit" meeting by renewing his proposals for a loose European confederation, with provision for quarterly heads-of-government meetings, ministerial committees for foreign and cultural affairs, and a permanent secretariat. De Gaulle also referred to the need for defense coordination, but did not pursue this point.]

[In the subsequent discussion, De Gaulle's proposals were endorsed by the prime ministers of Italy, Belgium, and Luxembourg, and only Luns declared his complete opposition. Adenauer thereupon also supported De Gaulle and, apparently to Luns' surprise, took no cognizance of the Dutch opposition.

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[De Gaulle kept stressing the necessity for "Europe of the Six" to speak with one voice, and argued that a "strong Six" would eventually attract Eastern Europe since "Communism would not last, God is too high, and the United States too far away." In later discussions, strong pressures were exerted on Luns by both De Gaulle and Adenauer, the latter reportedly having observed at one point that the Netherlands' reservation "at most had deserved only a few minutes interruption in the historic proceedings."]

[The objections by the Dutch reflected in large part their continuing belief that the creation of new institutions will weaken the existing institutions of the Common Market, and that De Gaulle's plans for political cooperation will deepen the rift between the Common Market and the British-led Outer Seven and prove divisive in NATO. They think De Gaulle still is interested only in a Continental alliance and that his thinking is based on "unrealistic assessment of the centers of world power." Dutch concern on these points does not appear to have been shared to any extent by the others, with the possible exception of Fanfani. A West German official has attributed Dutch resistance mainly to a desire to have Britain]

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Associated with any political arrangements on the Continent and to Luns' "character."

Adenauer's optimism about the talks apparently reflects in part De Gaulle's agreement not to push the idea of defense coordination at this time as well as pledges of "loyalty to NATO"

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The chancellor may also be anticipating that in the high-level committee which will be discussing concrete measures before the next "little summit" meeting on 19 May, De Gaulle can be induced to make further concessions toward a more supranational arrangement. The communiqué itself refers to the necessity of "laying the basis of a union that will develop progressively," and pro-integration leaders like Jean Monnet have argued that confederation should be considered the first step toward federation.

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The Special Assistant for National Security Affairs

The Scientific Adviser to the President

The Director of the Budget

The Director, Office of Civil and Defense Mobilization

The Director, National Aeronautics and Space Administration

Chairman, Board of Consultants on Foreign Intelligence Activities

Executive Secretary, National Security Council

The Department of State

The Secretary of State

The Under Secretary of State

The Director, International Cooperation Administration

The Deputy Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Administration

The Counselor

The Assistant Secretary of State for Policy Planning

The Director of Intelligence and Research

The Treasury Department

The Secretary of the Treasury

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

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Chief of Staff, United States Army

Commandant, United States Marine Corps

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Assistant Secretary of Defense (International Security Affairs)

The Assistant to Secretary of Defense (Special Operations)

The Director, The Joint Staff

The Director for Intelligence, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

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

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The Attorney General

The Federal Bureau of Investigation

The Director

The Atomic Energy Commission

The Chairman

The National Security Agency

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