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19 November 1960

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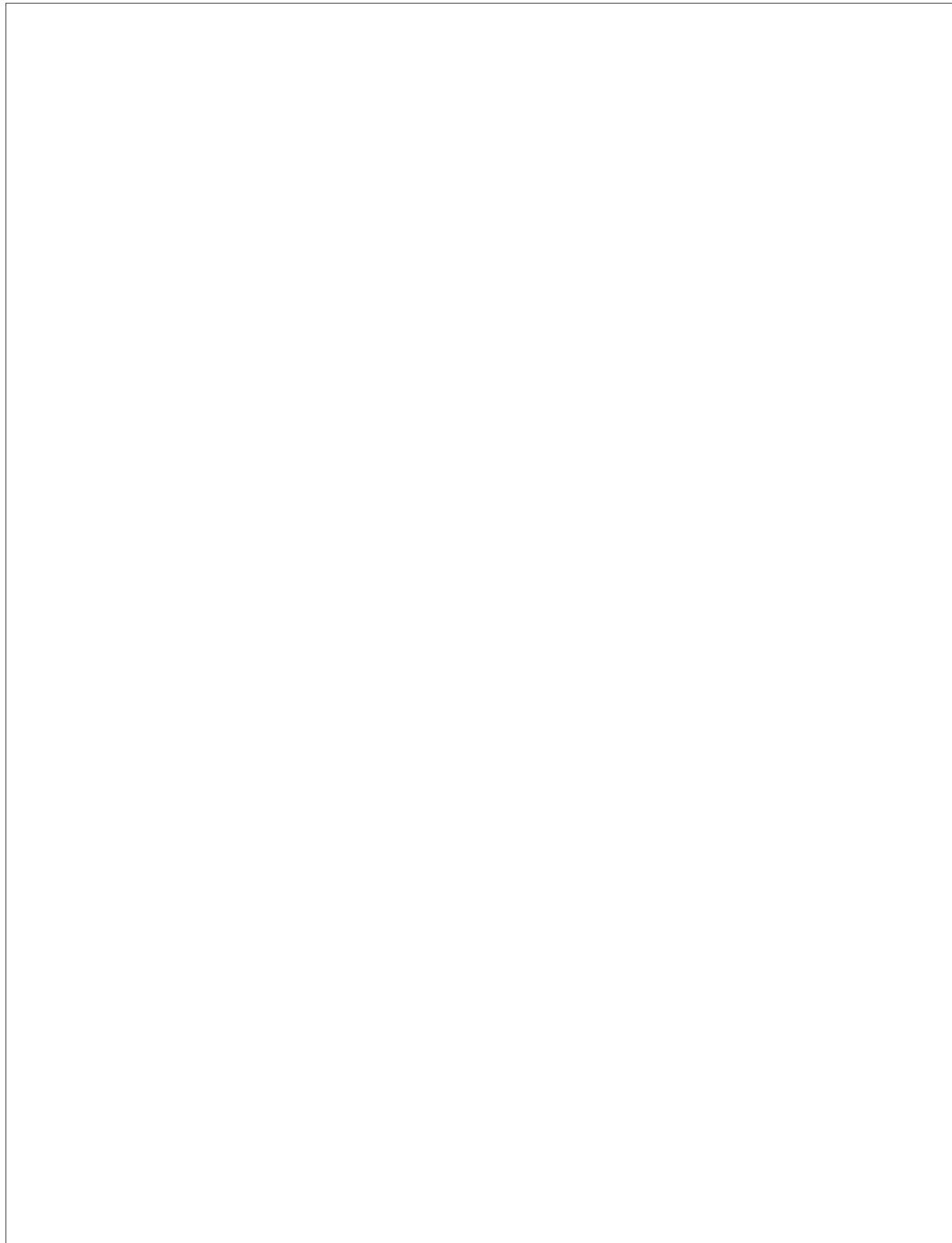
CENTRAL INTELLIGENCE BULLETIN



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19 NOVEMBER 1960

I. THE COMMUNIST BLOC

Continued petroleum shortages in Communist China are affecting transport requirements.

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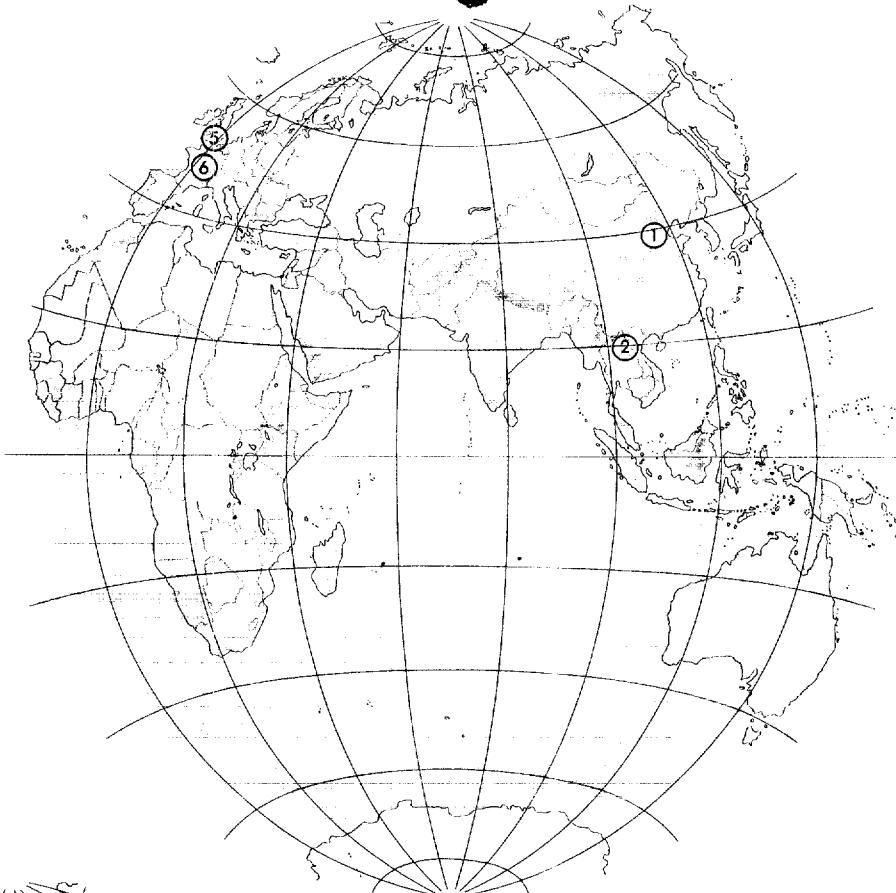
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**II. ASIA-AFRICA**

Laos--Souvanna Phouma meets major Pathet Lao demands in agreement to form coalition government and accept aid from Communist China and North Vietnam.

III. THE WEST

El Salvador's ruling junta expels military plotters from country; action may bring premature coup attempt by armed forces.

Bolivian President declares state of siege.

British Government showing growing reluctance to take countermeasures against East Germany.



⑥ France--Opposition to rapid implementation of De Gaulle's Algerian policy expected to converge with opposition to nuclear strike force measure.

CENTRAL INTELLIGENCE BULLETIN

19 November 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

Communist China - POL: Petroleum shortages in Communist China, first noted in September, are continuing and are affecting fulfillment of transport requirements, [redacted]

[redacted] Fukien Province is to receive only half as much petroleum during the final quarter of this year as during the third because of the "rather critical" petroleum supply situation throughout the country. [redacted] *7 Nov*
[redacted] a shortage of foreign exchange as the reason for diminishing petroleum supplies. [redacted] the institution of emergency measures, including the modification of all available vehicles to burn coal or charcoal instead of gasoline. Similar modifications have been reported from other areas of China. In addition, civil air activity, cut back sharply during September and October, continued at about half normal levels during the first half of November. [redacted]

(Page 1)

II. ASIA-AFRICA

Laos: The joint communiqué issued by the government and Pathet Lao on 17 November, containing in particular an agreement to accept aid from Communist China and North Vietnam and to form a coalition government, indicates Souvanna Phouma's acceptance of the Pathet Lao's major demands. *OK with insert from 21 Nov.* Souvanna's concessions now appear to represent an effort to seek help in fending off efforts to unseat him. Peiping and Hanoi will, as the result of his willingness to accept their aid, be in a position legally to assist him in his struggle with General Phoumi's Savannakhet Revolutionary Committee. Provision

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in the communiqué for opening the Laotian-Chinese frontier will not in itself significantly affect overland shipment from China but will permit air movement of Chinese supplies directly to Vientiane. [] (Page 2)

III. THE WEST

El Salvador: The ruling six-man junta which replaced the Lemus regime last month has ordered several high-ranking military officers suspected of plotting to leave the country. Elements of the armed forces planning a coup may now attempt to oust the junta before their preparations are completed. The thwarting of such an attempt might give pro-Communist and pro-Castro elements enough time to complete their own efforts to take over the government. [The secretary general of the Salvadoran Communist party is reported to have asked for early assistance from the Costa Rican party in organizing a Communist coup.] [] (Page 3)

Bolivia: President Paz has declared a state of siege throughout Bolivia following recent disorders in and around Cochabamba, Bolivia's second-largest city. The disorders involve clashes between rival rural leaders--nominally affiliated with pro- and anti-Paz political groups--which the army has so far been unable to curtail. [] (Page 4)

Britain: [The Macmillan government is expressing new doubts about the wisdom of taking countermeasures against East Germany for harassment of West Berlin. The Foreign Office has indicated that Britain may revoke the special restrictions on East German travel it instituted in September if Bonn renegotiates its trade agreement with East Germany, as now appears likely. Foreign Secretary Home is also reported to have described French proposals for a Western boycott of the spring Leipzig fair as "ill conceived."] [] (Page 5)

France: De Gaulle plans to hold his referendum on the establishment of provisional government institutions in Algeria. [] (Page 5)

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early in January, according to a French Foreign Ministry official. Rising parliamentary opposition to De Gaulle's rapid moves to implement his Algerian policy will almost certainly converge with opposition to the nuclear strike force bill which Premier Debré has decided to push through the National Assembly in a second vote of confidence next week. De Gaulle has threatened to dissolve parliament in the event the bill is defeated. [redacted] (Page 6)

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Petroleum Shortages in China Term Critical

[redacted] shortages of petroleum products in Communist China, first noted in September, are beginning to affect motor transport. [redacted]

Fukien Province is to receive only half as much petroleum during the fourth quarter as during the third. The cutback was blamed on the "rather critical" petroleum supply situation throughout the country. The province estimated that it was getting less than a third of the amount needed, and provincial planning authorities are trying to stretch this limited amount as far as possible.

[redacted] the sources of petroleum are becoming fewer and blame the shortage on "insufficient foreign exchange." They call for the institution of emergency measures to ensure that priority users get what is available and to avoid the use of vehicles whenever possible. In addition, the province has begun to modify its vehicles so that they can run on coal or charcoal instead of petroleum products. Similar modifications have been reported from other areas of China.

Civil air activity, cut back sharply during September and October, continued at about half normal levels during the first ten days of November.

It is still not known whether the volume of imports from the Soviet Union, which supplies half of China's petroleum requirements, has been curtailed. [redacted]

[redacted] movement of petroleum away from the Sino-Soviet border rail transfer point was at only a fraction of normal in late September, suggesting either difficulties in rail transport or a curtailment in imports. Other information indicates that China is stepping up its seaborne imports. At least nine tankers have been scheduled to move Rumanian products before the year's end, and China, for the first time, is arranging to import free-world petroleum. [redacted]

The Situation in Laos

The Souvanna government and the Communist-dominated Pathet Lao issued a joint communiqué on 17 November which expressed substantial agreement on major points at issue between the sides. The two parties agreed to a cease-fire in all areas loyal to the Souvanna government and to early formation of a coalition government to include the Pathet Lao's political front, the Neo Lao Hak Sat (NLHS). It was agreed that the government would accept aid from Communist China and North Vietnam and send a delegation to these countries to negotiate for economic and cultural ties.

The communiqué indicates Souvanna's acceptance of the Pathet Lao's major demands in the negotiations in Vientiane which began on 11 October. His sweeping concessions appear to constitute an effort to gain assistance--in the form of bloc aid and diplomatic support--to fend off efforts to unseat him. By reason of his agreement to accept aid from them, Communist China and North Vietnam now are in a position to assist Souvanna legally in his struggle against the rightist forces of General Phoumi centered in Luang Prabang and Savannakhet.

The opening of the Laotian-Chinese border should not in itself facilitate appreciable Chinese overland logistic support to combatants in Laos. The boundary is in rugged, mountainous terrain, and only one major pack trail crosses the frontier. The main avenues of aid to Pathet Lao forces have been from North Vietnam. However, the agreement will permit Peiping, if it should so choose, to supply Souvanna and the Pathet Lao directly by air to Vientiane.

Souvanna, immediately following announcement of the accord, left Vientiane for Sam Neua, presumably for follow-up talks with his half-brother Prince Souphanouvong, chief of the NLHS.

The Souvanna-Pathet accord might finally impel the King to act. There is some possibility that Souvanna's apparent capitulation to the Pathet Lao might cause the monarch to soften his scruples against unconstitutional action sufficiently to suspend the National Assembly and form a new anti-Communist government in Luang Prabang.

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Salvadoran Junta Moves to Prevent Military Counter coup

The ruling six-man junta which replaced the Lemus regime in El Salvador last month has ordered several high-ranking military plotters, including former chief of staff Cordova, to leave the country, according to various reports received on 17 November by the US Embassy in San Salvador.

Apparently the officers had been working with Colonel Anibal Portillo, the present chief of staff, who reportedly has a strong following among a group of junior officers. Portillo's group is alarmed over the failure of ex-President Osorio, who was behind the coup ousting Lemus, to restrict the growing influence of Communists and partisans of Fidel Castro in the new provisional government. The three military members of the junta reportedly were holding officers' meetings at several regimental headquarters on 15 November in an attempt to rally military support. The junta members said the provisional regime included some leftists but no Communists and tried to persuade the officers that the junta is not taking orders from Osorio.

As a result of the expulsion orders, Portillo plotters may attempt to oust the junta before their preparations are completed. The thwarting of such an attempt might give pro-Communist and pro-Castro elements enough time to complete their efforts to take over the Salvadoran Government. [The secretary general of the Salvadoran Communist party is reported recently to have asked the Costa Rican party, which is considered to be a more effective Communist group, for early assistance in organizing a Communist coup.]

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Bolivian President Declares State of Siege Throughout Bolivia

President Paz Estenssoro has declared a state of siege throughout Bolivia following recent disorders in Cochabamba, Bolivia's second-largest city. The disorders involve clashes between rival rural leaders--nominally affiliated with pro- and anti-Paz political groups--which the army has so far been unable to curtail.

President Paz' predecessor declared the valley west of the city of Cochabamba a military zone early this year because of violent outbreaks between apparently identical rural groups. Paz may have seized the excuse afforded by these more recent disturbances for his declaration of a nationwide state of siege.

[redacted] Paz was planning a fake leftist-led coup attempt within two weeks to justify a declaration of a state of siege. Last March, Paz reportedly provoked a police coup attempt in the Bolivian capital to strengthen his presidential election campaign. Paz' predecessor on one occasion in 1957 exaggerated reports of rebellion in an outlying province to justify a state of siege declaration which would facilitate control of labor agitation. On another occasion the government's rightist opponents were given an exaggerated degree of credit for demonstrations prompted by deteriorating economic conditions and thus bore the onus of the subsequent state of siege. [redacted]

[redacted]

British Attitude on Berlin Countermeasures

[The Macmillan government is expressing new doubts about the wisdom of taking countermeasures against East Germany for its harassment of Berlin. Signs that Bonn is likely to renegotiate its trade agreement with East Germany are reinforcing London's general reluctance to use trade restrictions as a cold-war weapon. A Foreign Office official stated on 17 November that if West Germany renegotiated the agreement, the Foreign Office might no longer be able to resist domestic pressures for revocation of its restrictions on East German travel.]

[The British reluctance to participate in sanctions has become increasingly apparent in recent weeks, in the absence of further harassments from East Germany. Foreign Secretary Home took offense because the United States did not consult London before refusing export licenses on steel and magnesium products to East Germany, apparently seeing this as putting indirect pressure on Britain to follow suit. In discussions in Bonn with French, American, and German officials concerning possible future economic sanctions, the British representatives used delaying tactics to prolong preparation of a policy paper. Consideration of this paper within the British Government has brought objections from the Board of Trade that no economic embargo against East Germany could be effective unless applied to the Soviet bloc as a whole.]

[At a four-power meeting in Bonn on 15 November, the British read a purported instruction from Foreign Secretary Home describing a French proposal to boycott the spring Leipzig fair as "ill conceived." It stated that London had no legal means to prevent British businessmen from participating, and that moral suasion would be a "futile exercise."]

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A French Foreign Ministry official told the US Embassy in Paris on 17 November that the referendum on De Gaulle's plan to establish separate and provisional government institutions for Algeria will take place early in January. The director of the French Information Service in Algiers stated the same day that a minimum of six weeks must elapse between the actual announcement of a referendum and the day of voting. According to the constitution, the referendum must be called while parliament is in session; the current session ends on 16 December. An announcement therefore is probably imminent, although as of 17 November the text of the referendum proposals was reportedly not ready.

De Gaulle's rapid moves toward a separate Algerian administration have provoked sharp hostility from the proponents of a French Algeria as well as criticism from the left and center for his apparent bypassing of the Algerian rebels. A spokesman for the French Algeria Front says his organization will use illegal means if necessary to oppose the referendum. Security forces in Algeria are being augmented, and French officials there are trying to convince the embittered European settlers that any change in Algerian institutions is provisional. They insist that the future status of Algeria will be decided not by the January voting but by a later referendum on "self-determination." De Gaulle's present moves apparently do not include negotiations with the Algerian rebels, and French officials have stressed that the army will remain in Algeria pending self-determination. De Gaulle's aim is to drive a wedge between the rebellious settlers and the army.

The current trial of the January insurrectionists and the second attempt by opponents of the government to pass a censure motion on the nuclear striking force bill will provide a complex of issues around which the opposition to De Gaulle can rally. The censure motion, which is expected to come to a vote on 22 November, will afford rightists another opportunity to join forces with elements opposed to De Gaulle on other issues. De Gaulle has threatened to dissolve the National Assembly in the event the bill is defeated.

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