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25 September 1958



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CENTRAL INTELLIGENCE BULLETIN

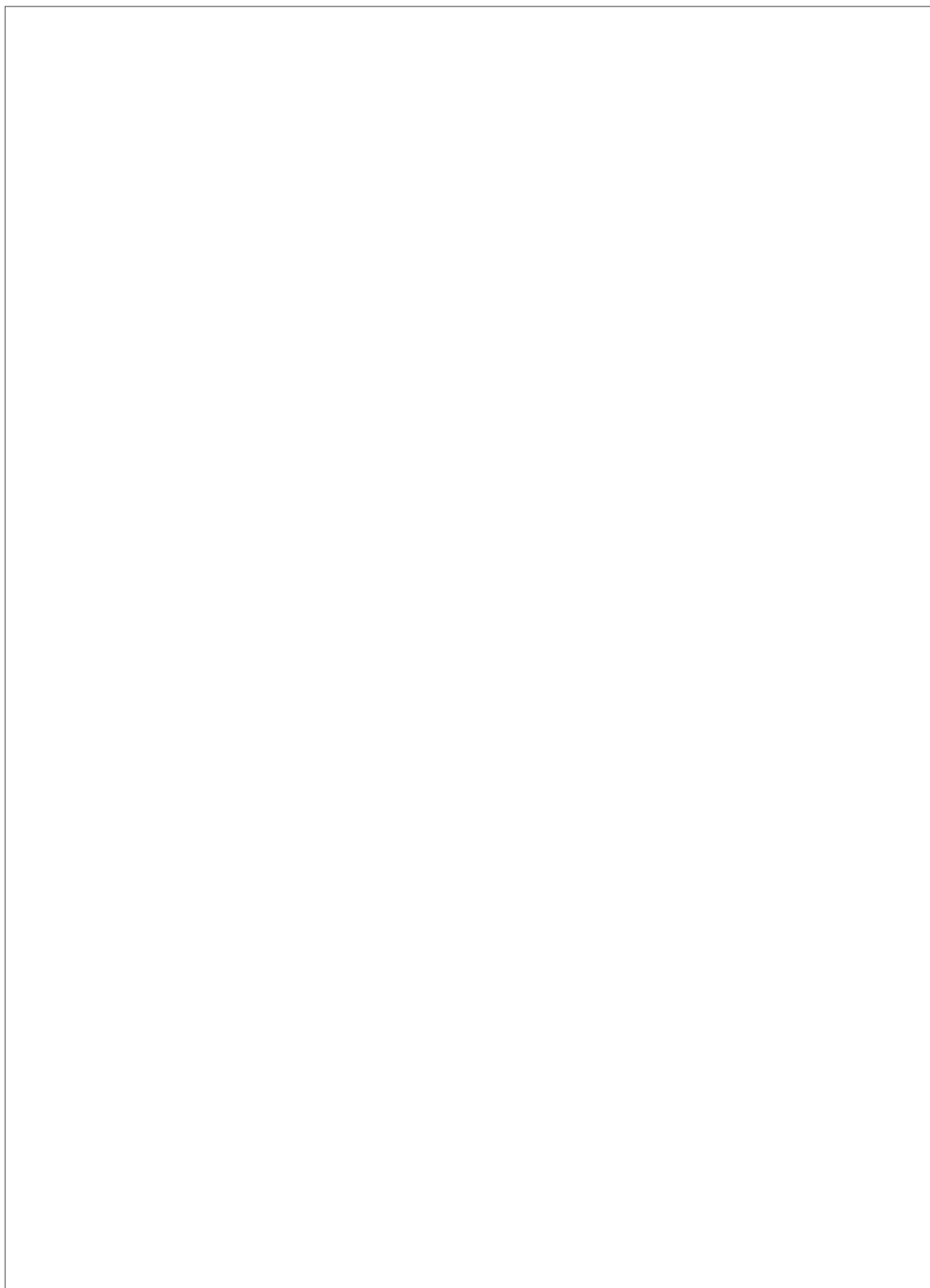


DOCUMENT NO. 12
NO CHANGE IN CLASS. X
11 DECLASSIFIED
CLASS. CHANGED TO: TS//C
NEXT REVIEW DATE: 2016
AUTH: HR 70-2
DATE: 1-4-80 REVIEWER:



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25 SEPTEMBER 1958

I. THE COMMUNIST BLOC

Taiwan Strait - Chinese Nationalists send large numbers of aircraft over mainland; Chinese Communist losses apparently heaviest to date.

USSR offers Cambodia \$12,500,000 long-term loan.

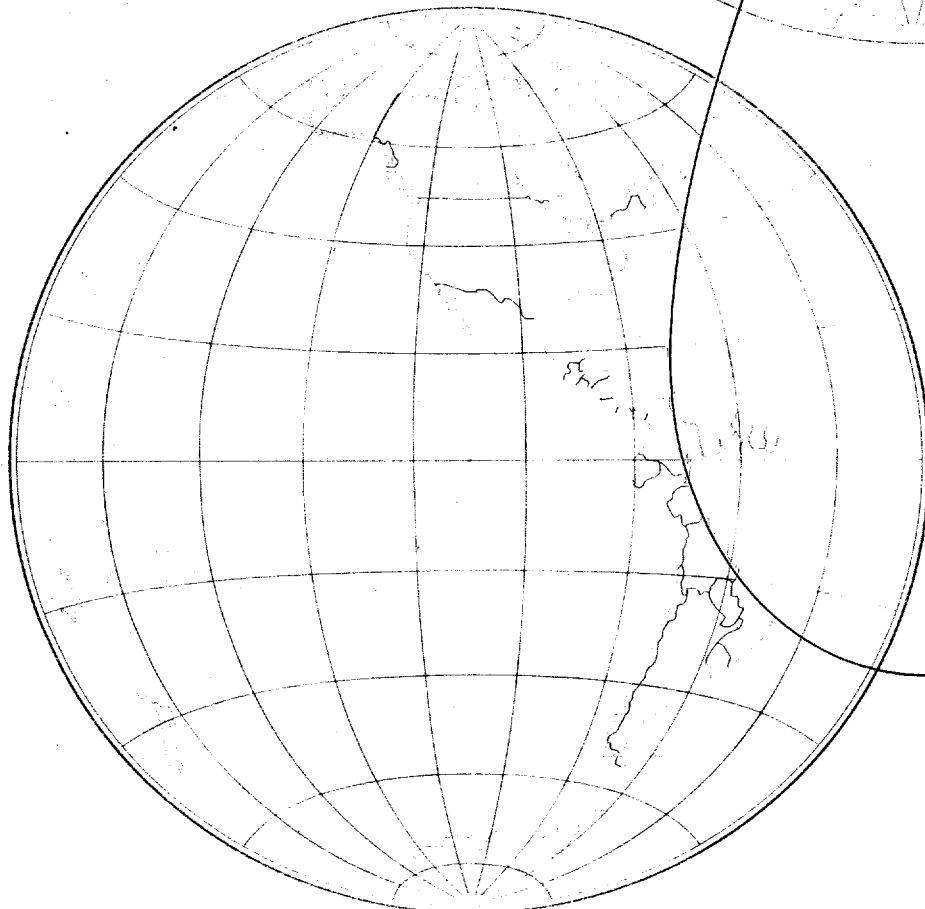
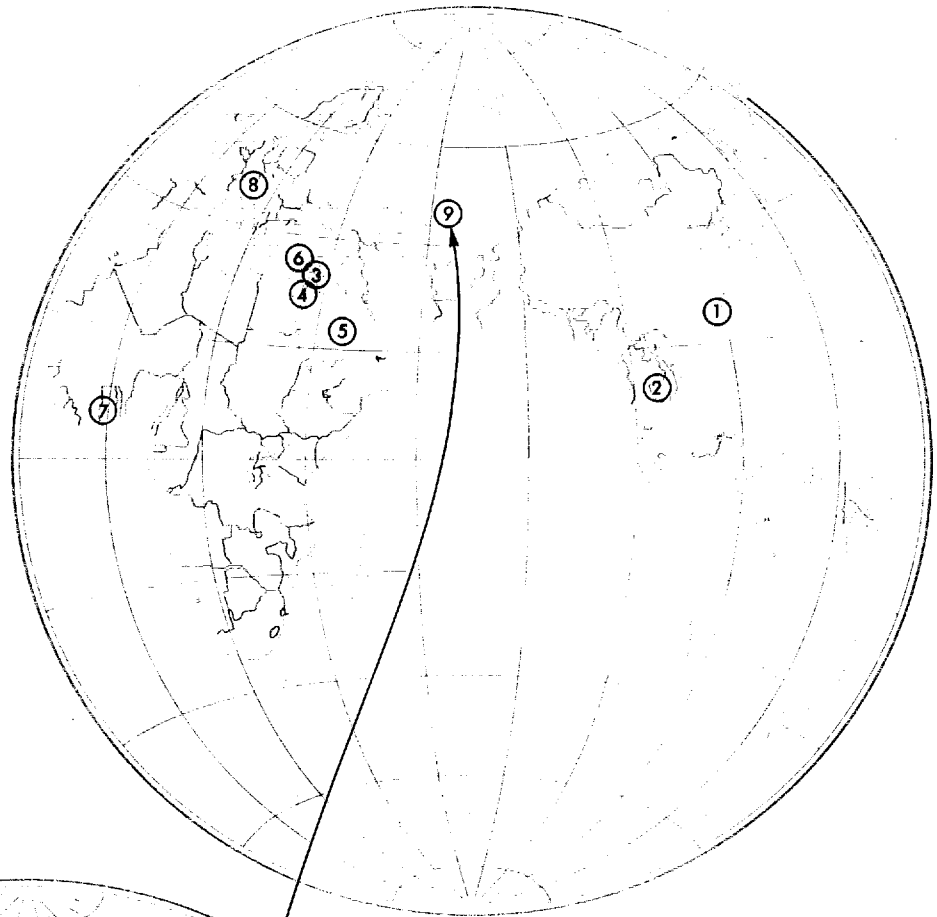
II. ASIA-AFRICA

Lebanon - Christian-Moslem violence breaks out in Beirut.

Jordan, UK agree to complete evacuation of British troops by 31 October.

Saudi Arabia - Faysal complains Aramco is indifferent to his financial problems; hints at countermeasures and possible relations with bloc.

- ①
- ②
- ③
- ④
- ⑤



- ⑥ Cyprus - Turkey agrees to maneuver reducing threat of widespread Cypriot violence; Makarios compromise position draws Greek and Cypriot opposition.
- ⑦ Ghana - Prime Minister Nkrumah urging French colonies to vote for independence in 28 September French constitutional referendum.

III. THE WEST

- ⑧ Austrian recognition of Communist China reported imminent.

LATE ITEM

- ⑨ Soviet space vehicle launched on 23 September may be transmitting signals from outer space.

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CENTRAL INTELLIGENCE BULLETIN

25 September 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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*Taiwan Strait situation: The Chinese Nationalists sent large numbers of aircraft, including photo reconnaissance planes, over the mainland on 23 and 24 September. Communist jet fighters reacting to these penetrations apparently suffered their heaviest losses to date on 24 September. No Nationalist losses were reported. [redacted]

[redacted] Page 1) (Map)

Watch Committee conclusion--Taiwan Strait: All indications point to continued Chinese Communist efforts to interdict supply lines to the Kinmen (Quemoy) Island group.

The Chinese Communists now possess a capability to launch major attacks against the Kinmens, the Matsus, and smaller offshore islands with little or no warning, as well as to launch major air strikes against Taiwan and the Penghus (Pescadores). Seizure of one or more of the offshore islands is possible, but amphibious lift necessary for an invasion of Kinmen, Lieh Hsu (Little Quemoy) and Matsu has not yet been observed.

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Indications suggest that the Chinese Nationalists, fearing US concessions in Warsaw talks, and increasingly concerned over the resupply of the Kinmens, might undertake independent provocative action probably calculated to embroil the US in hostilities. Individual pilots or flight leaders might also take independent provocative action. In any event, air clashes between Chinese Nationalist and Chinese Communist forces are likely to continue and could involve US forces.

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Available evidence fails to reveal that the USSR has taken any measures which might reflect preparation to implement the Soviet commitments to the defense of Communist China. [redacted]

NO
USSR-Cambodia: The USSR has offered the Cambodian delegation, currently in Moscow seeking economic aid, an interest-free, 40-year, \$12,500,000 loan for purchases of Soviet goods. The USSR, in keeping with its policy of making only those economic development loans which promise long-term economic ties, refused to make an outright gift, which the Cambodian negotiators apparently had requested. The initial Cambodian response was unfavorable; Phnom Penh has hitherto accepted only outright grants [redacted]

II. ASIA-AFRICA

[redacted] NO
 *Lebanon: President Shihab's appointment of rebel leader Rashid Karame as prime minister appears to be a major concession to the rebels and to Nasir. The violence on 24 September has seriously strained Christian-Moslem relations and is likely to be followed by further outbreaks. There is danger that the security forces will also split along confessional lines. [redacted] (Page 3)

[redacted] NO
Britain-Jordan: London and Amman have tentatively agreed that British evacuation of Jordan will begin on 20 October and be completed by 31 October. Subject to a continuing examination of Nasir's actions, the two governments plan a simultaneous announcement of these plans by 10 October. [redacted] (Page 4)

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Saudi Arabia: Saudi Crown Prince Faysal's frustration with budgetary problems has led him to charge that the Arabian-American Oil Company is indifferent to Saudi Arabia's financial difficulties. Faysal, apparently reflecting the influence of his pro-Egyptian petroleum adviser, hinted to the American ambassador that action to curtail Aramco's rights may be under consideration. The ambassador also drew the inference that some recognition of the bloc is being considered.

Cyprus-Turkey: The threat of an early resumption of widespread violence on Cyprus may have been eased by Turkey's agreement to invest its consul general in Nicosia with the functions of Turkish representative under the new British plan, instead of naming a special ambassador as originally proposed. Ankara warns of "serious trouble," however, if Archbishop Makarios is allowed to return to the island, something London is now considering. Meanwhile, Makarios' new proposal for UN-guaranteed independence for Cyprus is meeting opposition from within the Cyprus ethnarchy from leftist elements in Greece, and from Turkish Cypriot leaders.

Watch Committee conclusion--Middle East: Although a deliberate initiation of open hostilities in the Middle East is unlikely in the immediate future, the situation remains unstable throughout the area, particularly where US and UK interests or commitments are involved, and incidents and coups could occur at any time.

In Lebanon, Moslem-Christian strife has broken out which may threaten the stability of the country, and incidents could occur involving US forces.

The survival of the Jordanian regime continues to be threatened. If the regime in Jordan collapses, action by

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Israel and other neighboring countries to take control of Jordanian territory is likely.

Within the Iraqi regime, growing instability, dissension, and fragmentation offer increasing opportunities for local Communist exploitation and action by Nasir to bring about an outcome favorable to the UAR.

The formation of the provisional Algerian government probably will cause an increase in fighting between French forces and rebels in Algeria and could lead to an increase in incidents between French forces and those of Morocco and Tunisia. [redacted]

Ghana - French West Africa - UAR: Prime Minister Nkrumah of Ghana, who has publicly stated his desire to see France's African territories opt for immediate independence in the 28 September referendum, appears to be providing [redacted] support to extremist nationalist leaders in French West Africa. [redacted]

[redacted] Nkrumah in some instances is prepared to abet President Nasir's designs in French colonial Africa. [redacted]

(Page 7) (Map)

III. THE WEST

Austria - Communist China: The secretary general of the Austrian Foreign Ministry has told [redacted] his government will soon establish an embassy in Communist China. There has for some time been strong pressure in Austria for a permanent trade mission in Peiping. Austrian abstention in the 23 September UNGA vote on the Chinese representation issue resulted partly from Soviet pressure. [redacted]

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LATE ITEM

***Probable signals from Soviet space vehicle:**

[Redacted]

[Redacted]

No

[Redacted]

[Redacted]

[Redacted]

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[Redacted]

I. THE COMMUNIST BLOC

Taiwan Strait Situation

The Chinese Nationalists stepped up their air activity over the mainland on 23 and 24 September. [redacted]

[redacted] 100 Nationalist aircraft penetrated the mainland from five to forty nautical miles in the general Kinmen area during one two-hour period around noon. From 100 to 150 Communist jet fighters took to the air in reaction to the overflights and at least one clash occurred in which two and possibly three MIG's were downed.

Initial reports indicate that on 24 September the Nationalists again put a large number of flights over and near the mainland, mostly around and north of Foochow, including photo reconnaissance missions. These penetrations were engaged at several points by Communist fighters, and, at last reports from the Nationalists, 11 MIG-17's (FRESCOES) were shot down and another eight were listed as probables. No Nationalist losses were reported. The Nationalists used Sidewinder missiles in one engagement, scoring four kills with five missiles launched.

Reports from Taiwan state that Nationalist transport aircraft which made air drops on Kinmen during the night of 22 September were not molested by Communist aircraft. [redacted]

The Communists are estimated to have a ten to one over-all artillery advantage in the Kinmen area and attempts to improve Nationalist counterbattery fire have not yet been successful. Four of six 8-inch howitzers landed on Kinmen are immobilized and two are in position but not yet in action.

There are more signs that the Communists foresee continued military operations in the strait area. High altitude flak met by Nationalist aircraft suggests that the Communists have introduced 100-mm. antiaircraft guns into the

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area just north of Kinmen. There also are indications that an advanced headquarters has been established at Liencheng for the direction of all air operations in the area. Chinese Communist air movements in the East China area during the past week have been extensive, [redacted] [redacted] new fighter aircraft have recently been deployed to the area from the Shanghai area. It is not clear, however, whether the Communists are rotating, adding, or reorganizing units.

Since US naval forces began on 7 September to escort Nationalist convoys to the three-mile limit, the resupply deliveries to Kinmen by sea and air have averaged about 100 tons a day. As of 23 September, the Kinmen garrison had on hand sufficient rations and ammunition--the two most important supply categories--to sustain it for slightly more than a month. Increases in daily tonnage delivered could extend this period. Increased Communist interdiction efforts together with the increasingly bad weather from now on could prevent any extension.

Peiping's 11th and 12th warnings, intended to document ostensible Communist restraint and US military "provocations," were issued on 23 and 24 September. Although US naval and air forces were said to have "intruded" into Communist China's territorial waters and air, again there is no threat of counteraction. [redacted]

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II. ASIA-AFRICA

Lebanese Situation

Lebanese President Shihab's appointment of Tripoli rebel leader Rashid Karame to head a cabinet composed of minor political figures appears to be a major concession to the rebels and to Nasir. The inclusion of several active opposition supporters and the awarding to Karame of the portfolios of defense and interior is an almost total defeat for the pro-Chamoun faction. The fact that the Damascus press on 23 September predicted the composition of the present cabinet may give it a "made in Cairo" label and build up pro-Chamoun and Phalangist opposition which might result in efforts to bloc confirmation by parliament. [REDACTED]

President Shihab has evaded responsibility for maintenance of the country's internal security by vesting it in Karame's hands. Karame, [REDACTED] had appealed to the UAR for additional funds. [REDACTED]

The attacks by Christian Phalangists on Moslems on 24 September are likely to result in retaliation by Moslems against Christians. There is danger that the security forces will split along confessional lines. [REDACTED]

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British Plans for Evacuation From Jordan

Britain hopes to announce before 30 September that it intends to evacuate its 3,200 troops from Jordan. According to British Ambassador Johnston in Amman, the British foreign secretary and the chief Jordanian UN delegate have agreed that the evacuation will take place between 20 and 31 October and that this schedule will be announced simultaneously by London and Amman about 10 October.

According to Johnston, the schedule is subject to tangible evidence of UAR President Nasir's good faith in carrying out the 21 August UN General Assembly resolution endorsing the Arab League's pledge of mutual noninterference in internal affairs. In view of both British and Jordanian awareness that Nasir has in fact continued his campaign against the Jordanian Government, if on a less violent scale, this condition appears intended only to allow deferment of the evacuation in the event that Nasir steps up his activities. British official thinking tends toward the desirability of reaching an accommodation with Nasir. In view of the practical difficulties of maintaining British forces in Jordan, especially after American evacuation from Lebanon, the Macmillan government is anxious to remove them, barring a new emergency.

London remains pessimistic about the future prospects for Jordan's independence and seems to favor replacing Samir Rifai as Jordanian premier with someone less offensive to Nasir as a means of holding the state together. Ambassador Johnston has also indicated that King Husayn is considering a trip to Europe for a medical check-up, possibly by the end of October.

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Developments in Saudi Arabia

Saudi Crown Prince Faysal has taken a somewhat harder line toward American interests in a talk with Ambassador Heath on 22 September. Faysal, apparently reflecting the influence of his pro-Egyptian Director General of Petroleum Affairs, Abdulla Tariki, intimated to the ambassador that action to curtail the rights of the Arabian-American Oil Company (Aramco) were under consideration. Citing his continuing frustration with budgetary problems, Faysal alleged that Aramco had been indifferent to Saudi financial difficulties. He claimed that income from oil royalties was reduced this year, leaving fewer funds than anticipated to liquidate debts. Faysal alleged that Aramco was holding down oil production as a means of "bringing pressure" on Saudi Arabia, asserting that Aramco could have maintained production in Saudi Arabia and diminished it elsewhere.

Faysal also expressed indignation over what he considered a breach of faith by Aramco in referring the long-standing Onassis dispute to arbitration by an international tribunal in Geneva, after Faysal felt he had concurrence from the company to seek settlement by direct and private talks. The tribunal's judgment on 13 August declared invalid the Saudi grant of oil shipping rights to Onassis. Faysal's concern is probably less over this than over the unfavorable precedent it establishes for settlement of the Saudi claim for \$85,000,000 in back tax revenues which he considers Aramco owes from profits of the Trans-Arabian Pipeline. Faysal added that the purpose of expressing complaints against Aramco was to emphasize that any action which the Saudi Government found necessary would be directed solely toward the private American oil company and should not affect the good relations the Saudis wish to maintain with the United States.

During the same interview, Ambassador Heath also drew the inference that some relations with the Sino-Soviet bloc were under consideration. Such a move would be in keeping with

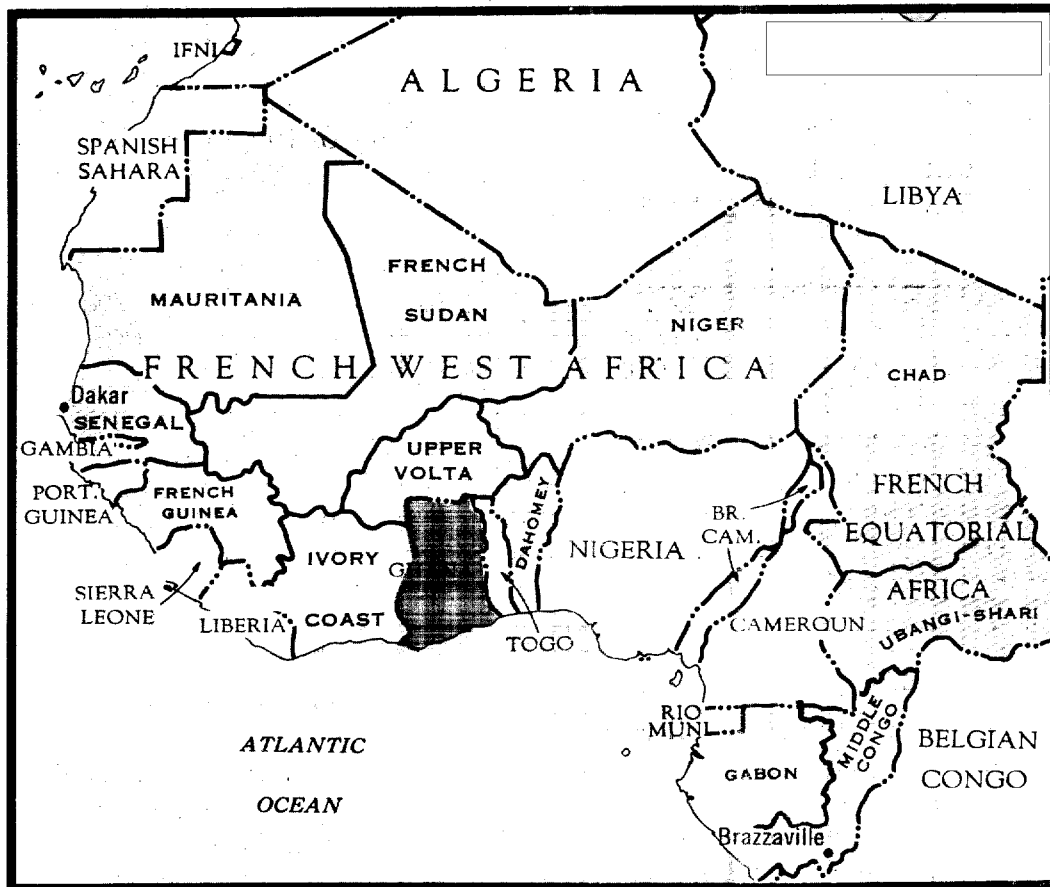
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Faysal's desire to promote a "neutral" foreign policy for Saudi Arabia, and might be more tempting than before because of current financial difficulties.

[redacted] increased military cooperation with Egypt, [redacted] the Saudis have been selling ammunition to the Egyptian armed forces. Closer Saudi relations with the UAR may be developed at the Cairo meeting of the Political Committee of the Arab League scheduled for 1 October. [redacted]

[redacted]

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Ghana's Premier Aiding Extremist Nationalists in French West Africa

Prime Minister Nkrumah of Ghana appears to be providing direct assistance [redacted] to extremist nationalist leaders in French West Africa with the aim of encouraging their rejection of the draft French constitution in the 28 September referendum. In a speech to Ghana's National Assembly earlier this month, Nkrumah made clear his desire to see France's African territories opt for immediate independence, but he insisted that Ghana would not resort to subversion to promote the freedom of any colonial territory.

Principal recipient of Nkrumah's attentions seems to be the leftist African premier of Niger, Djibo Bakary, who is [redacted] to have visited Accra recently for talks with Ghanaian leaders. Subsequently, he publicly recommended that Niger vote "no" in the referendum. [redacted]

[redacted] Ministry of Overseas France officials in Paris, Ghana has also been "bargaining" with elements in French Sudan whose leaders are still on record as favoring the proposed new French community. A moderate African leader has stated that Nkrumah is aiding extreme nationalists financially.

Moreover, Nkrumah apparently is prepared, in some instances, to abet UAR President Nasir's designs in colonial Africa. [redacted]

[redacted]

[redacted]

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III. THE WEST

Austria Reported Yielding to Pressure on Relations With Communist China

[REDACTED] Austria will "soon" establish an embassy in Communist China. Vienna has heretofore hesitated to break with the US on this issue, but, in response to pressure from commercial interests, the quasi-official chamber of commerce recently decided to establish a permanent trade mission in Communist China. Soviet representatives in Vienna have frequently urged the Austrians to recognize Peiping.

Soviet pressure was also involved in Austria's decision to abstain in the 23 September vote in the UN on the Chinese moratorium proposal. Moscow has complained to the Austrians that Austria had consistently voted with the US against Soviet interests and had never separated itself from the US on matters of importance to the USSR.

Vienna has shown an increasing tendency to soft-pedal its pro-Western orientation. This has been evident, for example, in the decision to permit the Communist-front World Youth Festival to meet in Vienna next year, in the decision to join the bloc-dominated Eastern Danube Convention, in the increase in official visits, and in Chancellor Raab's praise of the USSR during his July visit to Moscow. While these gestures are linked with Austrian hopes for economic advantages--particularly a reduction in reparations--they also reflect Raab's obsession with the idea of "breaking down the iron curtain." American Embassy representatives in Vienna have recently deplored as well a tendency among other Austrian officials to equate Austria's international status with that of Finland. [REDACTED]

[REDACTED]

[REDACTED]

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Special Assistant for Security Operations Coordination

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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

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The Secretary of Defense

The Deputy Secretary of Defense

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