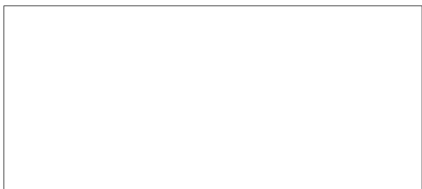


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12 September 1958



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CENTRAL INTELLIGENCE BULLETIN



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12 SEPTEMBER 1958

I. THE COMMUNIST BLOC

Taiwan Strait - Chinese Communist
naval activity increasing.

①

II. ASIA-AFRICA

Jordanian Prime Minister Rifai says
Hammaraskjold's mission has failed.

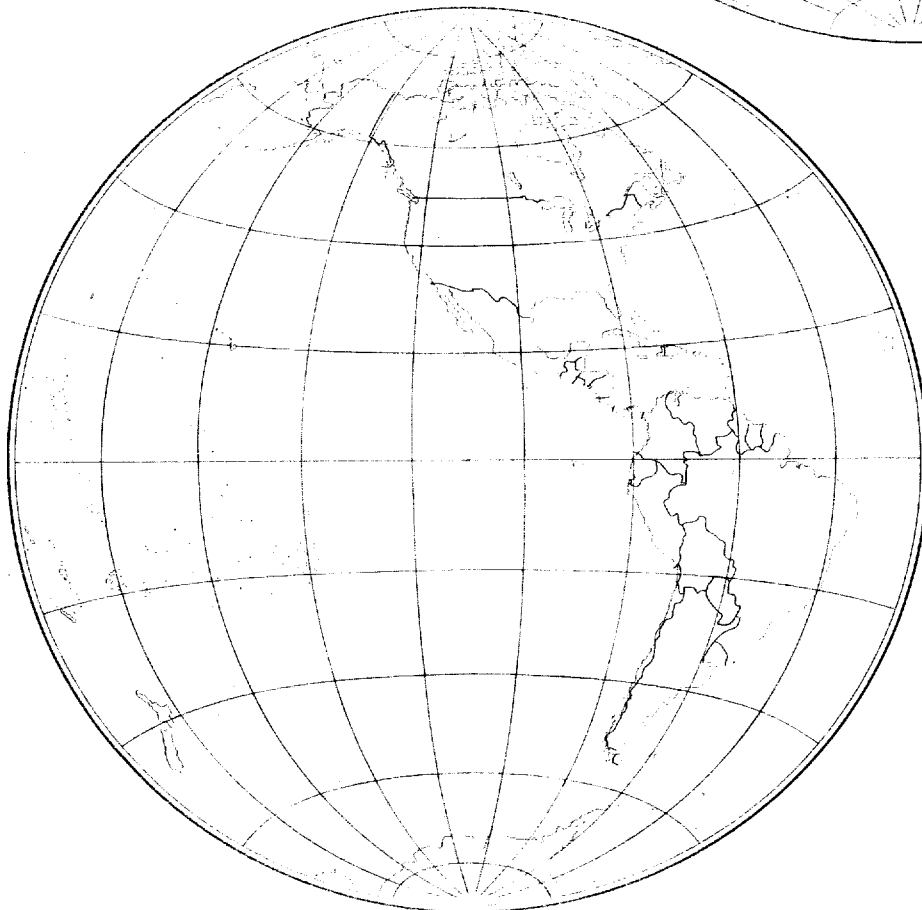
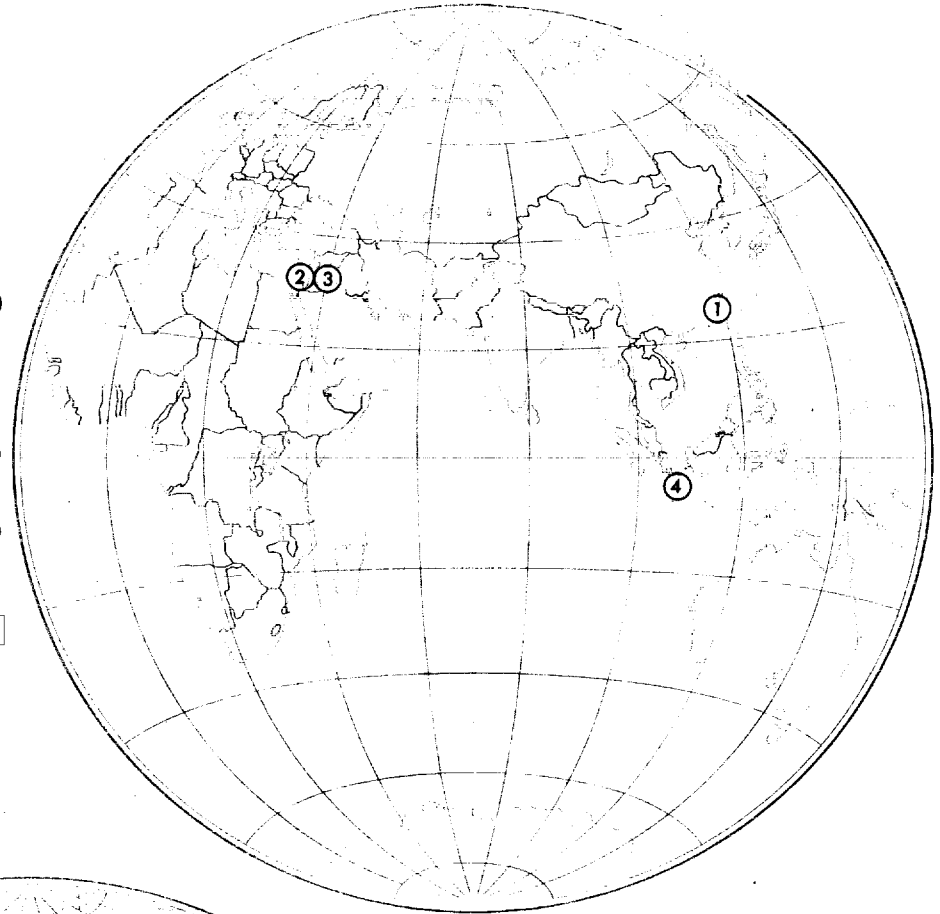
②

Jordan - More friction reported between
King Husayn and Rifai.

③

Indonesia cites receipt of arms from
both US and USSR as proof of success
of its independent foreign policy.

④



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CENTRAL INTELLIGENCE BULLETIN

12 September 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

SRAB

Taiwan Strait situation: Chinese Communist military activity is increasing; five North China Fleet vessels, including two submarines, are moving south from Tsingtao to Shanghai and some naval jet fighters from Hainan Island have moved north to Nanchang.

Heavy Communist artillery fire prevented an attempt to resupply Kinmen on 11 September.

(Page 1) (Map)

Watch Committee conclusion -- Taiwan Strait:

NO

The Chinese Communists will continue heavy artillery barrages, interdict supply lines to the offshore islands by using artillery and naval elements as necessary, and maintain a high state of readiness for air operations.

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. Seizure of one or more of the offshore islands is possible, but amphibious lift necessary for an invasion of Kinmen and Leih Hsu (Little Quemoy) and Matsu has not yet been observed. The Chinese Communists probably do not intend to initiate major offensive military action against Taiwan and the Penghus (Pescadores), but possess a capability for major air attacks against them.

The Chinese Nationalists, fearing US concessions in talks with the Chinese Communists, might undertake

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independent provocative action calculated to embroil the US in hostilities.

NOTE: The Director for Intelligence, Joint Staff, agrees that this is possible, but considers it unlikely in the immediate future.

14/0
In view of the reported confidence of the Chinese Communist leadership and the increasing belligerence of Chinese Communist propaganda, the Chinese Communists may take military action against US naval or air units operating in the offshore islands area within the recently proclaimed 12-mile territorial limits, although it is difficult to assess the degree of likelihood of this occurring. Such Chinese Communist military action in turn may lead to further US - Chinese Communist armed clashes. Strong Soviet statements of support for the Chinese Communists probably represent a real Soviet commitment to the defense of Communist China. This commitment, however, would probably be honored only in the event that US - Chinese Communist hostilities extend beyond the offshore islands and immediately adjacent mainland areas, and only after a failure of Soviet diplomatic efforts to terminate those hostilities on terms acceptable to the USSR and Communist China.

II. ASIA-AFRICA

NO
*Hammarskjold mission: Jordan's Prime Minister Rifai considers that UN Secretary General Hammarskjold's mission to implement the 21 August UNGA resolution on the Middle East has failed, since Nasir has not given acceptable assurance of noninterference in Jordan. Unless Nasir changes his attitude, Hammarskjold, according to Rifai, plans to make no recommendation to the impending General Assembly session regarding the withdrawal of foreign troops. Nasir is unwilling to accept Jordan's demand that a UN representative

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be stationed in Cairo. On 11 September, commenting on Ham-marskjold's failure to expedite withdrawal, the UAR-controlled clandestine radio in effect called for renewal of anti-Western terrorism. Cairo had earlier warned that unless foreign troops were speedily withdrawn, severe tension would re-appear in the Middle East. [redacted]

OK
 Jordan: Increased friction has been reported between King Husayn and Prime Minister Rifai, leading to new reports that the King may be induced to appoint a less authoritarian premier. Although agitation has been mounting for relaxation of martial law and other restrictions, Husayn would risk even greater instability in dismissing Rifai unless he decided at the same time to seek some sort of accommodation with Nasir. [redacted] (Page 4)

NO
 Indonesia: [redacted]
 [redacted] recent deliveries of arms from the United States following those from the USSR as proof of the continuing success of the government's independent foreign policy. (TOP SECRET EIDER NOFORN) (Page 5)

III. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Special National Intelligence Estimate No. 34-58. Sta-bility of Present Regime in Iran. 26 August 1958. [redacted]

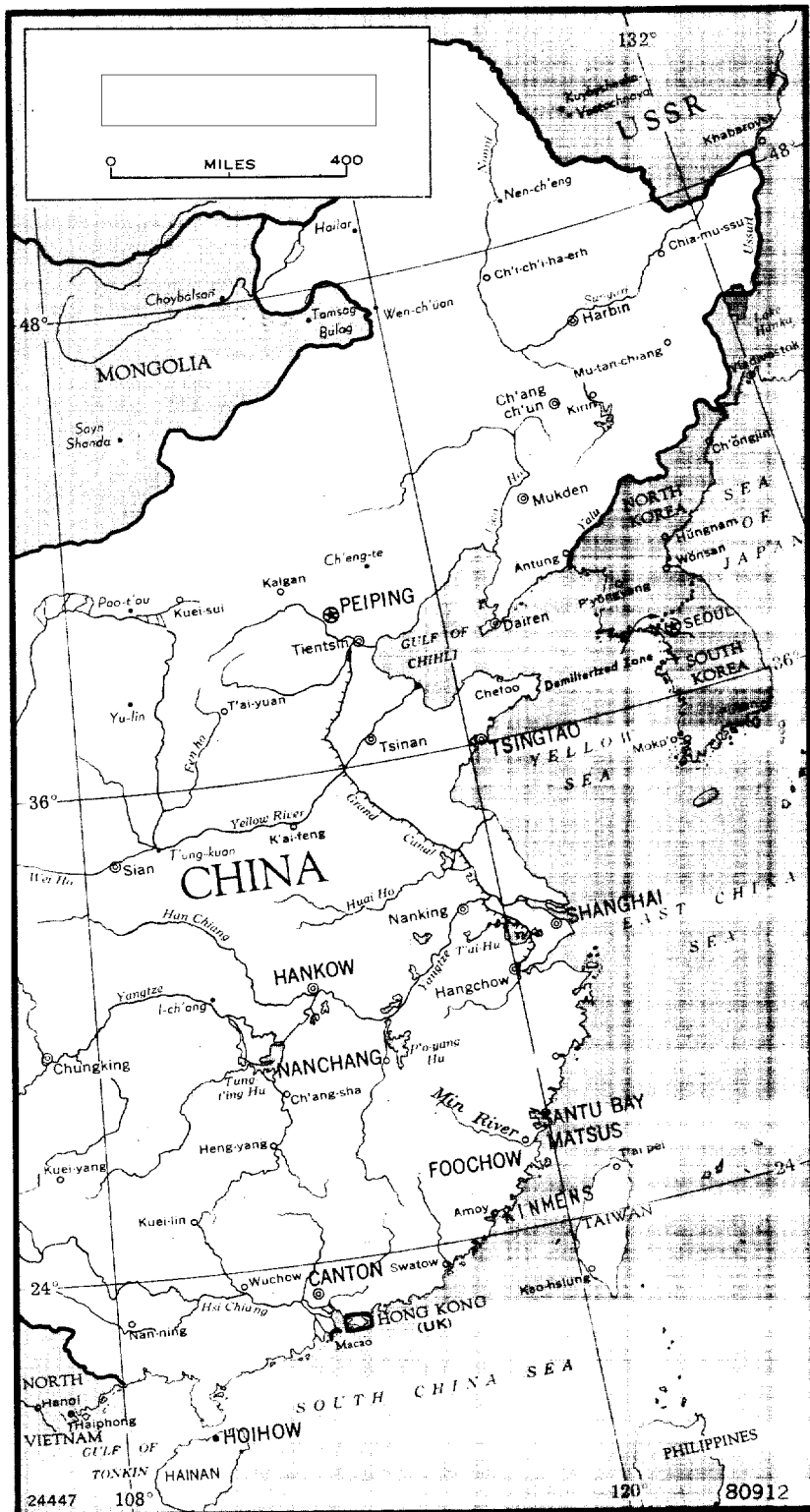
NO
 National Intelligence Estimate No. 11-5-58. The Eco-nomic and Political Consequences of India's Financial Prob-lems. 19 August 1958. [redacted]

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I. THE COMMUNIST BLOC

Taiwan Strait Situation

Five North China Fleet vessels--two submarines, two subchasers and an auxiliary--moved from Tsingtao to Shanghai on 10 September in a relatively major deployment of Communist naval strength.

[redacted] the Communists are preparing for significant naval operations in the East China Fleet area.

Thirteen motor torpedo boats were seen near the mouth of the Min River, opposite the Matsus, by Chinese Nationalist pilots on 9 September. Previous reports have indicated that motor torpedo boats are operating in the Santu Bay area, but this is the first report that such boats are based even closer to the Matsus.

[redacted] Another possible indication of increased activity by high-level commands was a flight of three IL-14 transport aircraft to Hankow from Peiping on the morning of 10 September. Two of these aircraft are usually reserved for top-level personnel and at times have carried Mao Tse-tung.

Hoihow airfield on Hainan Island also was the origin of a movement of jet fighters, believed to be a naval unit, to Canton on 9 September. The following day, at least 12 of these planes flew on to Nanchang. Two of the aircraft later returned to Canton. These fighters may be deployed to the Taiwan Strait coastal area.

The Nationalists made a third attempt to supply Kinmen on 11 September with two convoys. The first, consisting of

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five vessels, successfully completed its mission of evacuating Nationalist wounded personnel. The second convoy, carrying supplies, was driven off by Communist shore batteries before it unloaded, despite the use of smoke screens. The Communist bombardment of the Kinmens on 11 September was one of the most intensive delivered during the current situation.

The Nationalist deputy commander on Kinmen told newsmen on 11 September that the Communist artillery must be suppressed and called for air attacks on the gun positions. A Nationalist general staff officer said that counterbattery fire from Kinmen is ineffective and hampered by a short supply of 155-mm. shells. He said that Nationalist China could not afford to knock out Communist gun positions by air action, and that American convoying so far was not adequate since it did not protect the landing craft along the beaches.

The Chinese Nationalist Government is attempting to foster a calm and moderate attitude on Taiwan, but Ambassador Drumright reports that the prospect of Sino-American talks has "caused a tremendous upsurge in Nationalist concern, apprehension, and uneasiness" in all circles.

Peiping's Foreign Ministry issued Communist China's "fourth warning" on 11 September, claiming intrusions into territorial waters by US warships engaged in convoy operations. The statement charged that American convoy operations clearly demonstrate to the world that the United States has not yet given up provocations against Communist China. There was no clear indication that Peiping intends to take immediate counteraction.

[redacted] the Chinese Communists will be satisfied with nothing less in the Warsaw talks than a guarantee that the offshore islands will be evacuated or that the United States will leave them "to their fate." They also expect the Communists to take this position if the issue is raised in the United Nations.

Soviet editorial comment broadcast by Moscow on 10 September stressed the line that action against China would start

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a "world conflagration," and began to develop the theme that settlement of the issue depends upon total withdrawal of US forces from the area. Moscow radio on 11 September reported a series of popular "indignation" meetings in the USSR to protest American activities and endorse Khrushchev's warning. Khrushchev, speaking in Stalingrad on 11 September, re-emphasized Soviet support for the Chinese Communist position, stating that "the friendship between the Soviet Union and China is strong as never before."

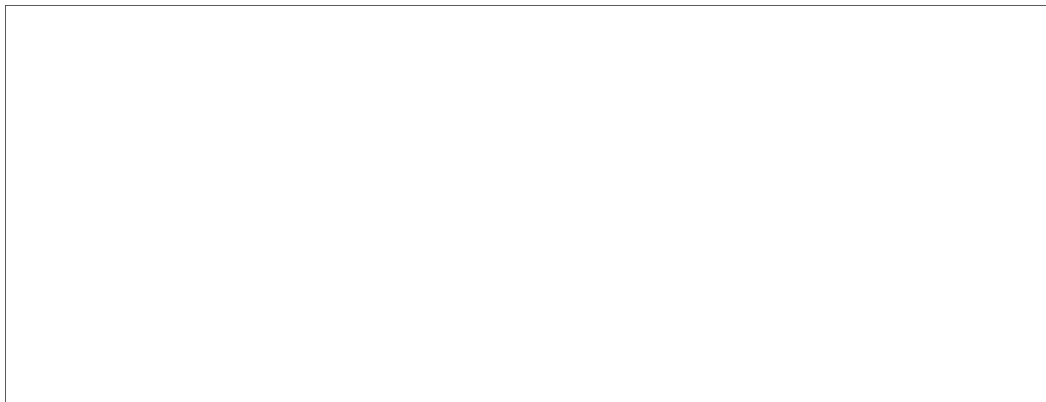
Prime Minister Nehru and senior Indian Foreign Ministry officials are convinced that the present shelling of the offshore islands is a propaganda maneuver intended to reassert the existence of the Peiping government and its claim to participation in any high-level international discussions. The Communist action is regarded as deliberately timed to coincide with the coming UNGA session. Indian officials discount any Chinese intention to invade the offshore islands or to precipitate armed conflict with American forces in the area.

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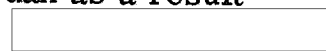
II. ASIA-AFRICA

Developments in Jordan

Increased friction has developed between King Husayn and Prime Minister Rifai amid new reports that the King may be induced to appoint a less authoritarian premier. Part of Rifai's difficulties with the King appear to reflect the prime minister's efforts to block attempts by his rivals to infiltrate their supporters into key positions from which they might undermine Rifai. Although agitation has been mounting for relaxation of martial law and other restrictions, the King would risk serious instability in dismissing Rifai unless he decided at the same time to seek some sort of accommodation with Nasir.



A decision by the King to relax internal controls and attempt to cultivate more popular support for the government would run considerable risk in view of the possibility of renewed UAR-supported terrorism in Jordan as a result of the failure of the Hammarskjold mission.



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~~TOP SECRET~~ [REDACTED]Indonesian Foreign Ministry Explains Arms Purchase From US

[REDACTED]

[REDACTED] the recent purchase of arms from the United States, together with the granting of credit and other aid by the Soviet bloc, as evidence that Indonesia's independent foreign policy "has borne fruit" despite "severe tests."

[REDACTED] an Indonesian request for US arms had been "hanging fire" since 1956, and that the United States had been sympathetic toward the Indonesian dissidents. The Foreign Ministry believes that the recent volte-face in American policy resulted from the respect and surprise engendered by the Indonesian Army's performance in suppressing the provincial rebellion and from Indonesia's resort to the Soviet bloc, among other sources, for military purchases.

The Foreign Ministry states that the Indonesian Government wants to continue friendly relations with the United States without sacrificing its foreign policy. It points out that "as outsiders look at our independent policy, it is possible that it sometimes seems to lean toward the right or the left in a zigzag line," and it is not surprising that attacks come from both left and right.

[REDACTED]

[REDACTED] Present army leaders, who have assumed an increasingly active role in Indonesian policy making, hope to steer a middle-of-the-road course avoiding either a Communist or a Moslem state.

The Indonesian Army has consistently pressed for US arms and, since the arrival of token amounts of American equipment, has requested a continuing supply. Considerable quantities of bloc arms were contracted for in early 1958, when the acquisition of US arms seemed unlikely. [REDACTED]

[REDACTED]

[REDACTED]

~~TOP SECRET~~ [REDACTED]

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THE PRESIDENT

The Vice President

Executive Offices of the White House

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

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

Deputy 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

The Department of the Interior

The Secretary of the Interior

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

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