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16 August 1958




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# CENTRAL INTELLIGENCE BULLETIN



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16 AUGUST 1958

**I. THE COMMUNIST BLOC**

Albania may be preparing to break diplomatic relations with Yugoslavia.

①

**II. ASIA-AFRICA**

Closer ties between Saudi Arabia and UAR expected to result from Crown Prince Faysal's stay in Cairo.

②

Iran - Arrests following distribution of subversive literature indicate government's continuing concern over instability.

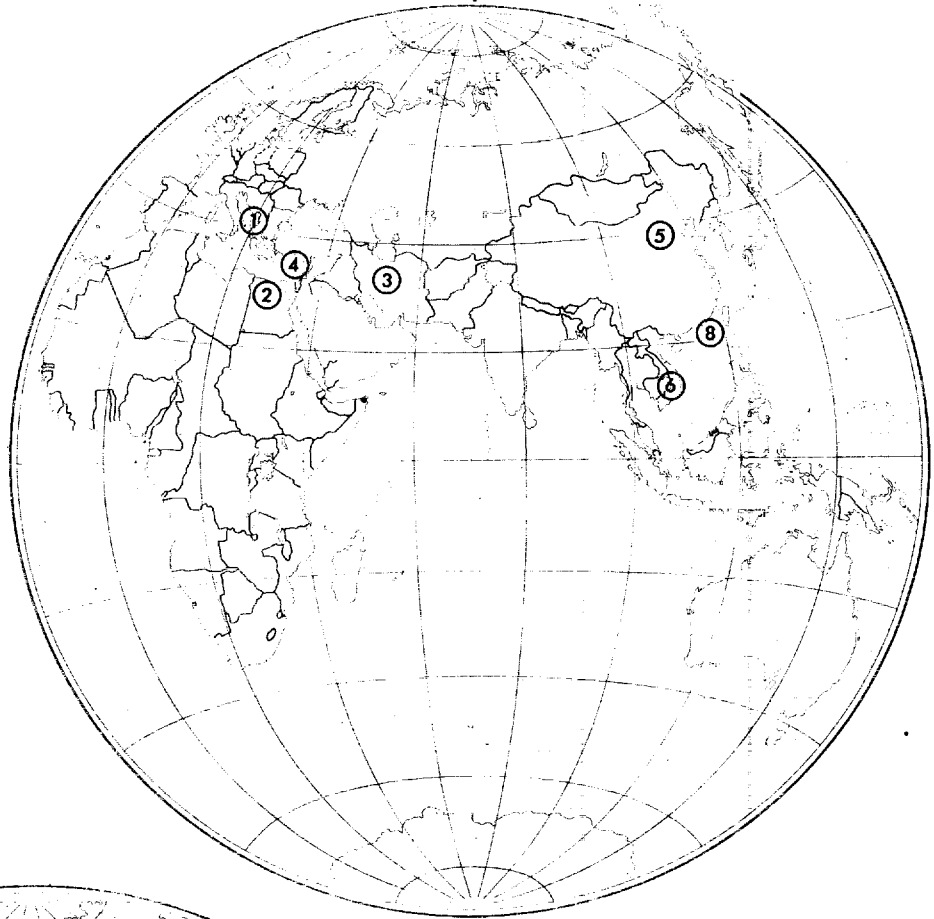
③

Britain determined to press ahead with modified Cyprus plan.

④

Chinese Communists seen unyielding on issues blocking restoration of trade and cultural ties with Japan.

⑤



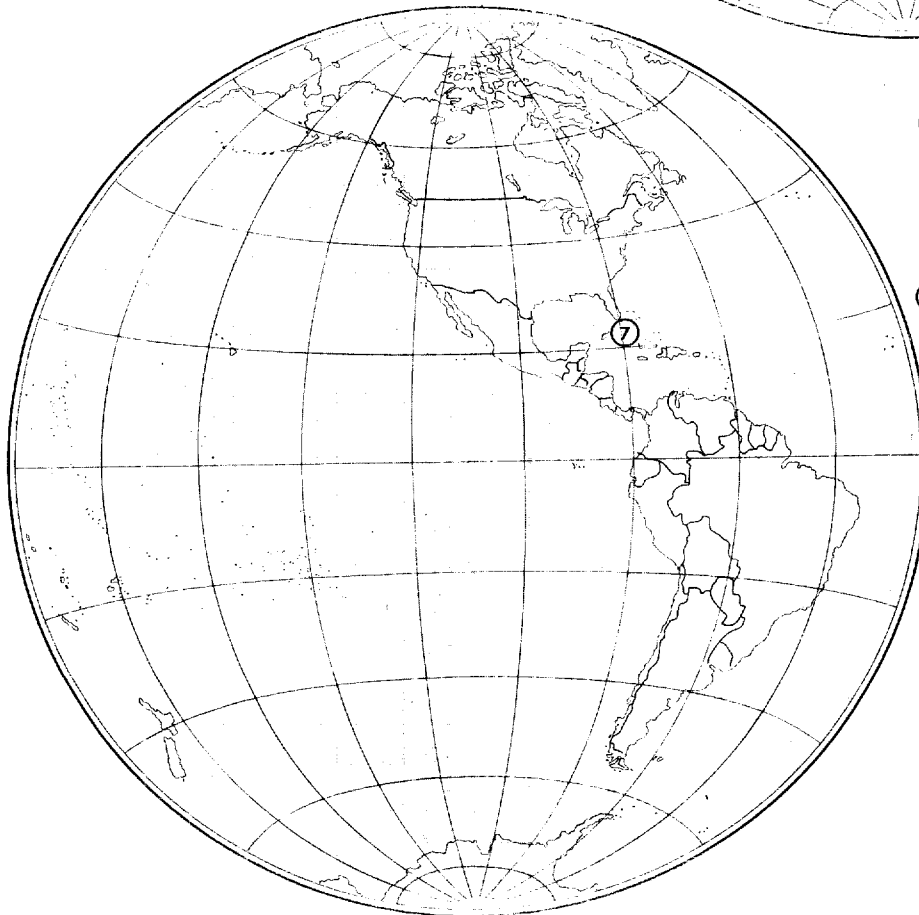
⑥ South Vietnam - Economic sabotage campaign launched by Communists and other dissidents.

**III. THE WEST**

⑦ Cuban rebels gaining strength amid new signs of dissatisfaction with Batista regime.

**LATE ITEM**

⑧ Nationalist-feared Chinese Communist air attack on offshore islands fails to materialize.



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## CENTRAL INTELLIGENCE BULLETIN

16 August 1958

## DAILY BRIEF

## I. THE COMMUNIST BLOC

*no*

Yugoslavia-Albania: Albania may be preparing to break diplomatic ties with Yugoslavia. This would make it the first bloc state to go this far in the dispute with Tito. On 15 August Belgrade rejected an Albanian note in which the Tirana regime protested the alleged "assassination" of an Albanian national and warned that Yugoslav failure to accept responsibility for the act would lead to the conclusion that the lives of Albanian diplomatic personnel in Belgrade "are in jeopardy." In 1948, Albania was the only bloc country to break relations with Yugoslavia.

## II. ASIA-AFRICA

*no*

UAR - Saudi Arabia: Further moves toward re-establishing friendly relations between Saudi Arabia and the UAR can be expected to result from the visit of Saudi Crown Prince Faysal, who arrived in Cairo on 15 August.

(Page 1)

*OK*

Iran: The arrest of at least two military and several civilian figures on questionable evidence, following the distribution of subversive literature by an alleged "Military Committee of Iranian Nationalism" indicates the government's continuing fears for its stability. The resultant rumor campaign will adversely affect the morale of the officer corps.

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*no*

Cyprus: Britain's announcement on 15 August that it intends to begin carrying out a modified version of its Cyprus plan indicates London intends to go ahead in the face of warnings about adverse effects among the Greek Cypriots and on the Greek Government. [redacted] (Page 3)

*no*

Japan - Communist China: [redacted] there is little chance of Peiping's moderating its attitude toward restoring trade and cultural relations with Tokyo. [redacted] Peiping insists on the right of its projected trade mission to fly its flag in Japan, and wants Tokyo to stop supporting the "two Chinas" concept. The Kishi government has tentative plans to undertake ambassadorial negotiations with Peiping, and will probably press ahead on this level. [redacted] (Page 5)

*no*

South Vietnam: Vietnamese Communists and other dissidents appear to have embarked on a campaign of economic sabotage aimed at weakening the Diem regime. Attacks on two large French-owned rubber estates have already cut production of this major revenue-producing commodity. [redacted] (Page 6)

### III. THE WEST

*AK*

Cuba: The rebels have increased their strength significantly since April. They are unopposed in almost half of the rural areas in Oriente Province and have spread their operations westward to other provinces. Other opposition groups have a temporary agreement with the "26th of July" movement and have stepped up antigovernment plotting. Batista continues to depend on the support of the army and organized labor. However, the army appears to have no "will to fight" and various elements are reportedly dissatisfied with their role and with the government's mounting unpopularity. [redacted] (Page 7)

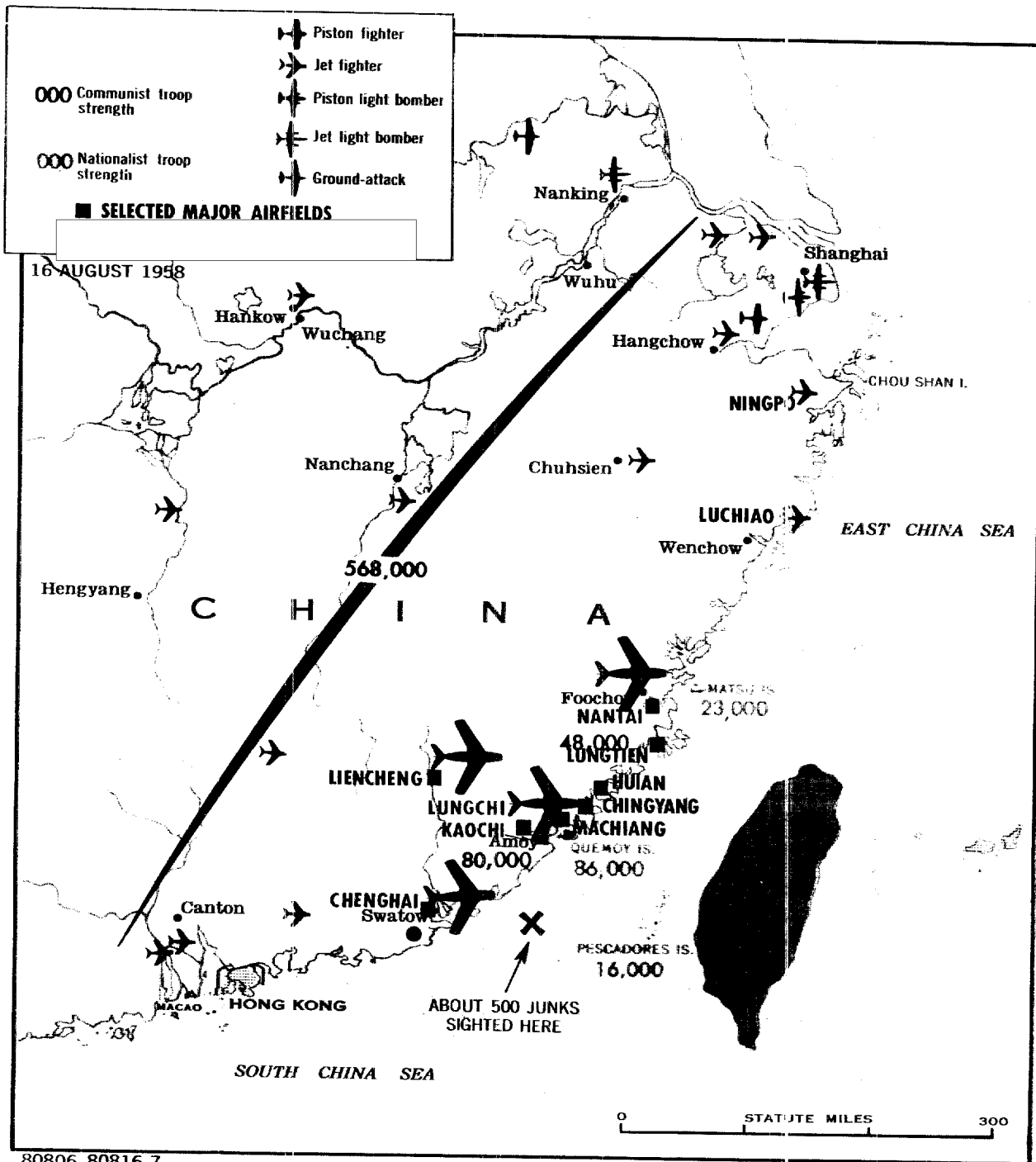
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**LATE ITEM**

**\*Taiwan Strait:** [redacted]

*no* [redacted] a Chinese Communist air attack against the offshore islands would take place the following morning at 0600 hours Taipei time. As of 1200 hours 16 August Taipei time (0100 EDST), no air attack had occurred and no Communist military activity indicating such an attack had been noted. A US naval task force on patrol in the Taiwan Strait reported on 15 August a concentration of about 500 junks about 70 miles east of Swatow; concentrations of up to 300 vessels have been previously sighted on occasion in the Taiwan Strait and are not considered unusual. [redacted] (See map on facing page)

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DAILY BRIEF

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**I. THE COMMUNIST BLOC**  
No back-up material

**II. ASIA-AFRICA**

Saudi-UAR Rapprochement

Further moves toward re-establishing overtly friendly relations between Saudi Arabia and the UAR can be expected from the arrival of Saudi Crown Prince Faysal in Cairo on 15 August. Although King Saud has indicated that Faysal will not enter into any agreement with Egypt at this time, Faysal is known to favor much closer relations with Nasir than does the King and could act on his own initiative.

Faysal is scheduled to be back in Saudi Arabia by 17 August, but he may also attend the meeting of the political committee of the Arab League in Cairo on 6 September. Several recent reports suggest that the league may be revitalized as a Nasir-dominated grouping of Arab states adhering to a neutralist foreign policy. The current visit of Kuwait's deputy ruler to Cairo may be related to this plan, since the Ruler of Kuwait is apparently willing to provide financial support to the Arab League.

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Instability Increasing in Iran

Recent military and civilian arrests are indicative of the feeling of suspicion and insecurity that pervades all ranks of Iranian society, including the Shah. While only the arrests of a gendarmerie colonel and a sergeant have been confirmed, there are rumors that arrests are continuing. Subversive pamphlets signed by a "Military Committee of Iranian Nationalism" and a roster of military and civilian members of the organization were reportedly uncovered in the homes of the two arrested; the materials found in the colonel's house may have been planted there shortly before they were seized.

All embassies, members of the Majlis, senior military officers, and influential Iranian businessmen received anonymous mimeographed letters from the "committee" highly critical of the royal family and soliciting support in establishing a republic with or without the Shah. American military representatives in Tehran believe there is an air of falseness about the entire proceedings.

Since the Iraqi coup, military officers have appeared somewhat insecure and extremely nervous as a result of repeated rumors of arrests. The Shah also continues to be worried over the possibility of an attempted coup. Criticism of the regime and preliminary discussions of ways and means of action against it are spreading among military officers, according to Ambassador Wailes.

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### Britain Announces Modifications of Cyprus Plan

Britain acted swiftly to announce implementation of its seven-year plan for Cyprus following the return of Prime Minister Macmillan from his visit to Athens, Ankara, and Nicosia. The plan, as announced in London on 15 August, contains several modifications of the original plan made public on 19 June. These changes appear designed to overcome Greek objections to the proposals while retaining the general features of the plan which Turkey previously accepted.

Modifications designed to appeal to Athens include: elimination of official representatives of Greece and Turkey on the Governor's Council--though official representatives to the governor's office will still be appointed; indefinite postponement of the provisions calling for Cypriots to have dual nationality; and a vague reference to the possibility of a single island-wide legislature at some future date. In addition, the British again have announced that, following a period of peace on the island, Archbishop Makarios will be allowed to return to participate in electoral preparations.

While the British announcement goes far to ease Greek fears that partition is being facilitated by the new plan, it does not preclude the possibility of eventual partition. In addition, the new announcement calls upon the governor to authorize, where feasible, the establishment of separate Greek and Turkish Cypriot municipal councils.

Immediate Greek reaction is unfavorable, with both Foreign Minister Averoff and a representative of Makarios terming the new plan "unacceptable." Averoff's principal objections are centered on the retention of official representatives of Greece and Turkey and the proposed separate municipal councils.

Ankara's reaction to the British modifications is unknown. Turkish leaders informed Macmillan during his recent trip to Ankara, however, that they would support the original plan but

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would demand a tripartite meeting of Britain, Greece, and Turkey if modifications were introduced.

Britain's first step in implementing the new plan will be the preparation of electoral rolls for the island, which may take two or three months. Meanwhile, London has called on Athens and Ankara to appoint their representatives by 1 October to confer with Cyprus Governor Foot.



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Japanese Sees Stiff Terms for Resumption of China  
Mainland Trade

[redacted]  
[redacted]  
[redacted] there is little chance that Peiping will relax its "harsh" attitude toward Japan unless Tokyo takes official action to meet Chinese demands. [redacted] these demands include rejection of the "two Chinas" policy, removal of obstructions to gradual normalization of diplomatic relations, and unconditional approval for the Chinese Communists to fly their national flag over a proposed trade mission in Tokyo as stipulated in the fourth Sino-Japanese trade agreement.

The terms of this agreement very nearly caused a rupture in Japanese - Chinese Nationalist relations last spring before it was rejected by the Japanese Government. Japan's acquiescence now in Peiping's demands probably would precipitate a new crisis between Tokyo and Taipei.

[redacted]  
[redacted] This may convince the Japanese Government that private or unofficial approaches to Chinese leaders will not succeed in re-establishing trade relations as widely desired in Japan. Tokyo consequently may step up plans for ambassadorial discussions to solve outstanding issues.

Japanese Foreign Minister Fujiyama told Ambassador MacArthur on 12 August that Japan must evolve a long-term policy toward Communist China, taking into account the Japanese need for trade, and Peiping's growing importance in international affairs. Fujiyama said he hopes to coordinate his government's views with those of the United States when he visits Washington on 11-12 September. [redacted]  
[redacted]

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Communist Economic Sabotage in South Vietnam

The 10 August night raid on the large French-owned Michelin rubber plantation in South Vietnam by a combined force of some 400 heavily armed Vietnamese Communists and local dissidents appears part of an evolving new pattern of economic sabotage designed to weaken the Saigon regime. A similar attack on another rubber plantation occurred earlier this year. Both raids were well coordinated and apparently carried out under Communist direction. The extensive property damage on both occasions is expected materially to lower Vietnam's rubber exports, a major source of revenue. Production at Michelin--which annually exports about 8,000 tons of latex, about 12 percent of South Vietnam's rubber exports--may be halted indefinitely.

The Diem government is deeply disturbed over these open manifestations of deteriorating security conditions in the rural areas. Rural insecurity is seriously jeopardizing Saigon's efforts to strengthen its weak economy by raising rice production and encouraging French investors to expand their rubber holdings. The government may react to this latest incident by reassigning regular army troops from training duties to conduct a broad security sweep in conjunction with paramilitary forces normally responsible for internal security.

### III. THE WEST

#### Cuban Political Situation

Opposition groups are acting with increasing determination to oust the regime of President Fulgencio Batista. The rebel movement has grown significantly since its abortive general strike call last April. It has extended its control over most of Oriente Province except for the cities and points of army concentration, and has spread westward into other provinces. Political opposition groups have established at least temporary unity against the regime, and exile groups are formulating plans for an invasion attempt.

Although Batista retains the backing of the organized labor movement, popular dissatisfaction with the regime is increasing, and the President is becoming more dependent on the armed forces for support. The army itself has alienated the civilian population, especially in Oriente Province, by its harsh reprisals against suspected opponents and its involvement in graft and corruption. The inability of the armed forces to defeat the rebels and the government's failure to resolve the political conflict could aggravate the dissatisfaction among some army officer groups and convince them of the necessity of replacing Batista with a military or joint military-civilian junta. There are continued reports of plotting among dissident military groups.

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