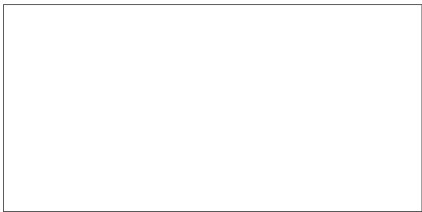


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5 November 1958



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CENTRAL INTELLIGENCE BULLETIN



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5 NOVEMBER 1958

I. THE COMMUNIST BLOC

Chinese Communist official asserts offshore islands issue must be kept alive until Taiwan question settled. ①

Moscow agrees to sell UAR modern transport aircraft but again refuses late-model military planes. ②

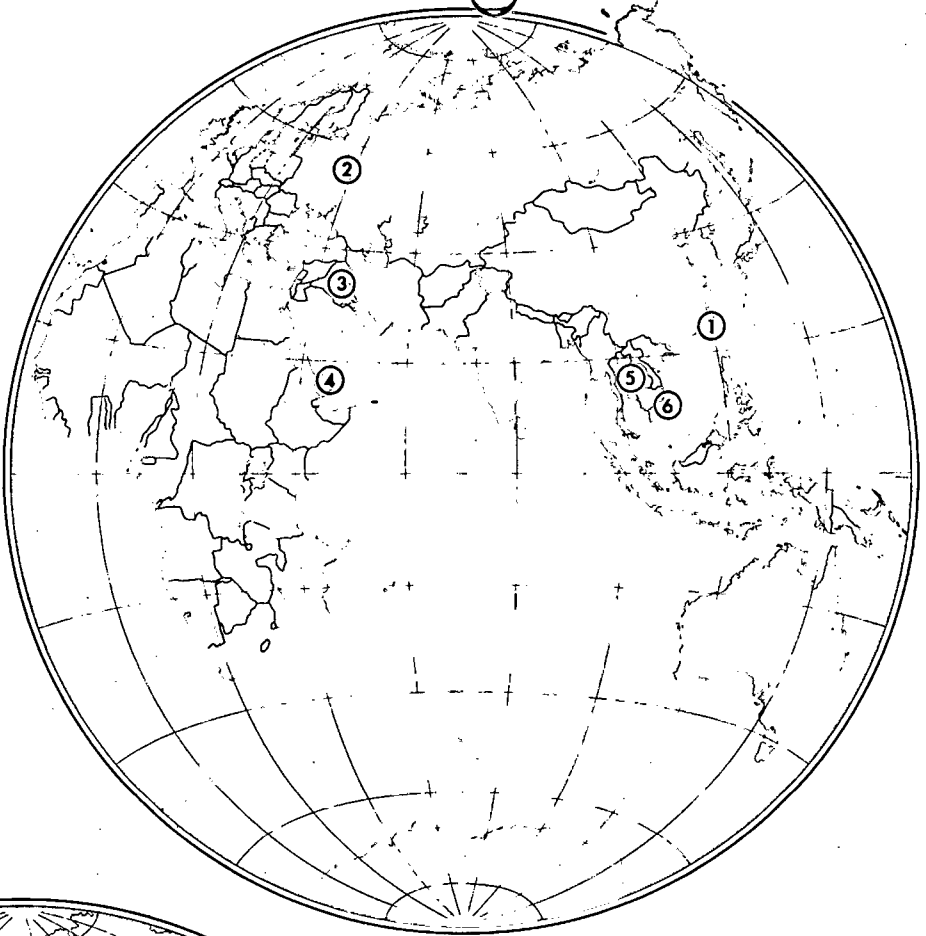
II. ASIA-AFRICA

Iraq - Arif's arrest in Baghdad will heighten crisis within regime. ③

Yemen - Government's effectiveness continues to deteriorate; breakdown in internal security anticipated. ④

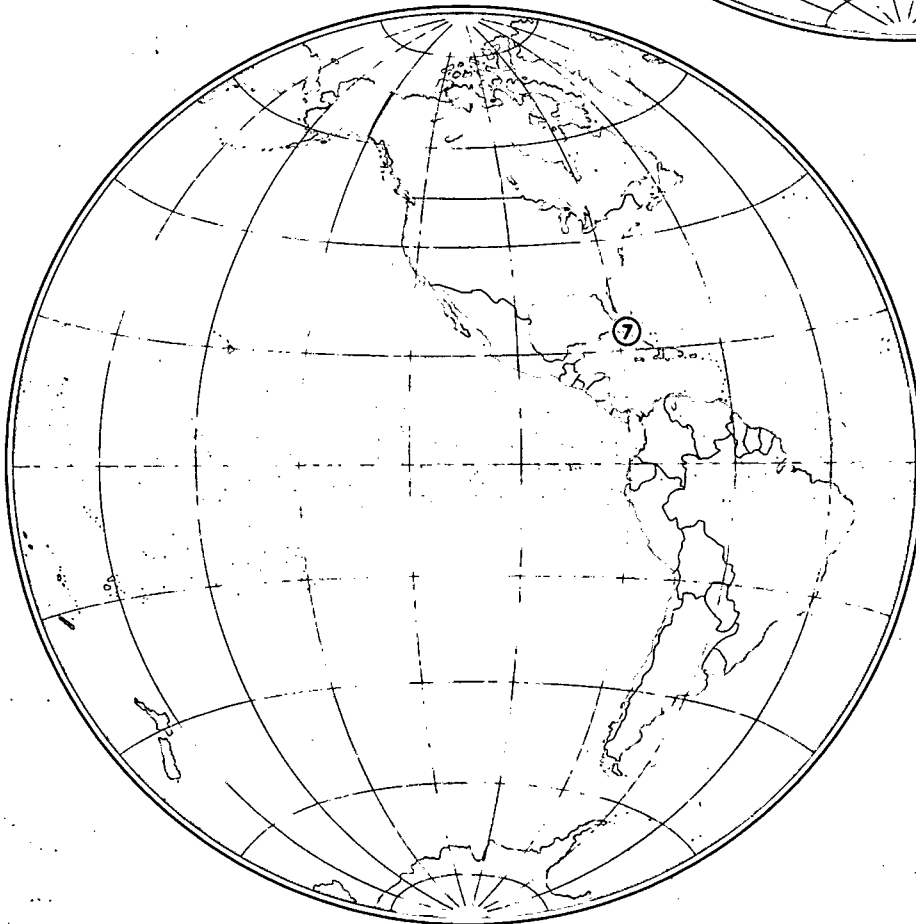
Thailand - Growing discontent within ruling military group. ⑤

South Vietnam/Cambodia - Saigon hopes to engineer Prince Sihanouk's removal. ⑥



III. THE WEST

⑦ Cuban elements planning formation of military junta to rule until free elections can be held.



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CENTRAL INTELLIGENCE BULLETIN

5 November 1958

DAILY BRIEF

51 RAB

I. THE COMMUNIST BLOC

Taiwan Strait situation: Communist China's ambassador in Cairo [redacted] Peiping "had to keep alive" the issue of the offshore islands until the entire Taiwan question was settled. The Chinese Communist ambassador, who made his remarks on 24 October -- one day prior to Defense Minister Peng Te-huai's "odd-day" shelling order -- also stated that some elements in Taiwan were in favor of accepting Mao Tse-tung's bid for direct talks concerning the island. [redacted] (Page 1)

OK - [redacted]

USSR-UAR: Moscow has for a second time rejected the UAR's request for late-model Soviet military aircraft -- probably TU-16 jet medium bombers and MIG-19 jet fighters which Cairo first attempted to procure in late July. The USSR, however, has agreed to sell Cairo, under a 3-year commercial credit, three IL-18 (MOSKVA) four-engine turboprop transports and probably three TU-104 twin-jet transports. [redacted] (Page 3)

no

II. ASIA - AFRICA

Iraq: Pro-UAR former Deputy Premier Arif was arrested on 4 November in Baghdad after returning from Vienna. Arif, who was ordered on 30 October by Prime Minister Qasim to assume his post as ambassador to West Germany, is the leader of the Iraqi faction advocating union with the UAR. His arrest will accentuate the crisis in relations between pro- and anti-UAR elements in the Baghdad regime. [redacted]

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Yemen: The effectiveness of the central government in Yemen has continued to deteriorate as a result of the growing incapacity of the ailing Imam, whose departure for medical treatment in Europe appears doubtful. Crown Prince Badr, who is unpopular among tribal leaders and who has promoted development of the influence of the Soviet bloc and the UAR in the belief that their support will ensure his succession, has based his hopes in part on his control over the army's supply of weapons, largely of bloc origin. Townspeople, anticipating a breakdown in internal security in the course of an impending struggle over succession, are reported arming to defend their homes.

Thailand: Marshal Sarit's "revolution" seems to have lost its edge, and there is growing discontent within the ruling military group. An atmosphere of aimlessness and drift apparently pervades the headquarters of the "revolutionary party." (Page 4)

South Vietnam - Cambodia: South Vietnam feels its security is jeopardized by expanding Communist influence in neighboring Cambodia under the guidance of Crown Prince Sihanouk. Saigon hopes to engineer Sihanouk's abdication or otherwise arrange his removal from power and is prepared to work with anti-Communist elements within Cambodia to this end. (Page 5)

III. THE WEST

Cuba: Apparently in the expectation that the 3 November elections will leave the political crisis essentially unchanged, two highly placed Cuban generals are reported to be negotiating with a small civilian opposition faction for the formation of a military junta to rule provisionally until free elections can be held. The proposed junta members are well thought of in Cuba and have been favorably mentioned by rebel leader Fidel Castro, but he has strongly implied that he will fight any government in which he does not have a voice.

(Page 6)

5 Nov 58

DAILY BRIEF

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I. THE COMMUNIST BLOC

Taiwan Strait Situation

Communist China's ambassador in Cairo, Chen Chia-kang, [redacted] Peiping "had to keep alive" the issue of the offshore islands until the entire Taiwan question was settled. The ambassador, who made his remarks on 24 October--one day prior to Defense Minister Peng Te-huai's "odd-day" shelling order--also asserted that some elements in Taiwan are in favor of accepting Mao Tse-tung's bid for direct talks concerning the island, but said it is not clear whether these forces were strong enough to overthrow Chiang Kai-shek. Reiterating Peiping's standard formula that the question of Taiwan is an "internal" problem and therefore Communist China will not negotiate a cease-fire in that area with the United States, Chen declared that his government is, however, willing to negotiate concerning relations with the United States--presumably the withdrawal of all American forces from Taiwan and the strait area. [redacted]

The Chinese Communist press report alleging the use of gas shells against the mainland by the Nationalists may be the opening move in a major propaganda appeal for international condemnation of the Nationalists as well as justification for increased military pressures. Although the Chinese Nationalists are not known to possess gas shells, it is possible that the Communists believe they have grounds for suspicion that such ammunition was actually fired against them. Possibly in an attempt to lend credibility to the report, the alleged "persistent gas" is said to have affected only 14 Chinese Communist troops. Moreover, it is not claimed directly that the ammunition was of "US manufacture" although it is pointed out that the alleged firing took place after "the supply of large amounts of ammunition by the United States to the Kuomintang troops."

In any event, Peiping may shortly produce "evidence" in the form of shell fragments and add these to the current public

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exhibition of Sidewinders, "germ warfare" equipment, and other "proof" of US atrocities. Further reports of this nature may be followed by submission of charges in the UN through the USSR or a neutral nation intended to discredit the Nationalists and the US. [redacted]

A Chinese Nationalist military spokesman, commenting on the Peiping charge, said that the Nationalists produce no gas shells and that none have been provided under US military aid. [redacted]

[redacted] on 3 November two flights of an unknown number of aircraft penetrated the mainland near the Chinmen area. These aircraft were presumably Nationalist. This is the first evidence of a Nationalist penetration of the mainland since the second week in October. Although the purpose of these flights is not indicated, they may have been carrying out a photo mission. Chinese Communist interceptors were not noted in a reaction.

There are indications that the Communists are continuing their naval build-up in the Taiwan Strait. Since 27 October as many as ten vessels, tentatively identified as landing craft types, have moved toward the Chinmen area from South China bases and are now in the Swatow area. [redacted]

The US Embassy in Taipei is of the opinion that large increases in the Chinese Nationalist military budget may be unavoidable and that the increased expenditures could lead to disastrous inflation. Tentative Nationalist plans for increased spending, unless modified, could lead to a deficit for next year of almost \$40,000,000 at the official exchange rate, or more than double previous estimates. Implementation of plans to establish a single exchange rate, however, would considerably reduce this figure. The Nationalists have conditioned such a step on receipt of additional financial aid from the United States. [redacted]

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Soviet-UAR Arms Negotiations

The USSR has denied the UAR's request for late-model military aircraft--probably the two squadrons of TU-16 medium jet bombers and the four squadrons of MIG-19 jet fighters which were first requested by Cairo in late July. The July request, submitted by the UAR as a supplement to an agreement then being negotiated for an unspecified quantity of arms, was first refused by Moscow in early September when the UAR Air Force chief of staff, Lt. Gen. Sidqi, went to the Soviet Union to negotiate for these planes. Moscow previously has turned down Cairo's requests for types of military aircraft which had not yet been released in quantity to China or the European satellites.

At the same time, however, Moscow apparently approved in principle UAR efforts to procure advanced civil aircraft, including three IL-18 (MOSKVA) four-engine turbo-props and possibly three TU-104 (CAMEL) twin-jet transports. The price of these aircraft with spares was quoted at almost \$17,000,000, and delivery was tentatively scheduled for 1959 and 1960. Moscow specified that the planes would have to be purchased under a short-term commercial credit. Misrair, the Egyptian civil airline, first began negotiating for the IL-18 in February and later sent a delegation including air force officers to Moscow for further discussions of the purchase. Although Misrair officials said they were unimpressed with the TU-104, Cairo continued to press for early delivery of this aircraft.

During the Soviet-UAR negotiations now in progress--possibly a renegotiation of the July arms agreement--Moscow stated that it no longer would sell motor vehicles to the UAR under long-term military credits unless these vehicles in fact were military types, such as artillery prime movers or workshops. In the past the UAR has been able to buy on the more favorable military terms trucks and other vehicles that could be used for either military or commercial purposes. [REDACTED]

[REDACTED]

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II. ASIA-AFRICA

Dissatisfaction Within Ruling Thai Military Group

There are indications that key members of the ruling Thai military group are becoming restive in the face of the "one-man show" Marshal Sarit is running and his failure to produce quick action in remolding Thailand's political institutions. Sarit apparently is failing to consult them on important policy matters, and is frequently absent from the headquarters of his "revolutionary party." These same men are also said to be discomfited over Sarit's reliance on the advice of three members of his present inner circle. Only one of these advisers, air force chief Chalermkiat, actually belongs to the military group, and he is disliked by his colleagues. Conspicuously absent from Sarit's closest advisers are such key factional leaders as Generals Thanom and Prapat, upon whose loyalties Sarit's power is really based.

Thanom, around whom the relatively moderate, reformist elements in the military group seem to be gathering, reportedly believes that Sarit went unnecessarily far in abrogating the constitution and in dissolving the National Assembly and political parties. He is critical of Sarit's delay in forming a provisional cabinet. Sarit may also alienate the Prapat faction if he carries out his reported intention of including only three military figures in the cabinet.

Restiveness in the military group may not have gone beyond the grumbling stage. However, if Sarit continues to isolate himself from the group and continues to rely on the advice of "yes-men," he may become increasingly vulnerable to a coup attempt.

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Possible Efforts of South Vietnam to Oust Cambodian Premier Sihanouk

The South Vietnamese Government is increasingly concerned over the threat to its security posed by growing Communist influence in neighboring Cambodia under the political tutelage of Crown Prince Sihanouk. [REDACTED]

[REDACTED]

Diem, who has long been convinced that Cambodia is willing host to various elements seeking his downfall, is particularly alarmed over the establishment of a large Chinese Communist Embassy in Phnom Penh following Cambodian recognition of Peiping last July.

The Vietnamese Government [REDACTED] hopes to engineer Sihanouk's peaceful abdication from power through political intrigue, but is also probably ready to work with anti-Communist elements within Cambodia to organize a coup if necessary. [REDACTED]

[REDACTED]

Vietnam's intrigues to unseat the strongly entrenched Sihanouk risk driving him closer to Communist China. Recognition of Peiping followed Sihanouk's public denunciation of Vietnam for aggressive intentions against his neutralist regime. [REDACTED]

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III. THE WEST

Postelection Coup Possible in Cuba

Two Cuban Army generals, apparently fearing that the victory of a pro-Batista government in the 3 November general elections will condemn the country to continued political instability and civil war, are reported to be planning the establishment of a military junta. The junta, which would rule provisionally until free elections could be held, would be headed by Colonel Ramon Barquin, former Cuban army attaché in Washington who has been in prison since he led an abortive coup attempt against the Batista government in April 1956.

General Martin Diaz Tamayo, Army G-3, and General Eulogio Cantillo Porrás, commander of Cuban Army forces in Santiago, are said to be negotiating the proposal with a small civilian opposition group known as the "Montecristi" faction, which has been reported in the past as maintaining contact with the followers of Colonel Barquin.

Both Diaz and Cantillo have long been considered likely leaders of such a plan. Together with Colonel Barquin, they would be in a position to disavow any continuing connection with the Batista regime. Previous reports that rebel leader Fidel Castro is favorably disposed toward Cantillo and Diaz might give such a junta an advantage in negotiating a truce with the rebel movement. Castro, however, is likely to oppose any government in which he does not have a voice.

A military take-over has long been considered the chief danger to Batista, and he has frequently taken such precautions as keeping high army officers under surveillance and shifting their assignments.

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