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13 August 1959

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CENTRAL INTELLIGENCE BULLETIN

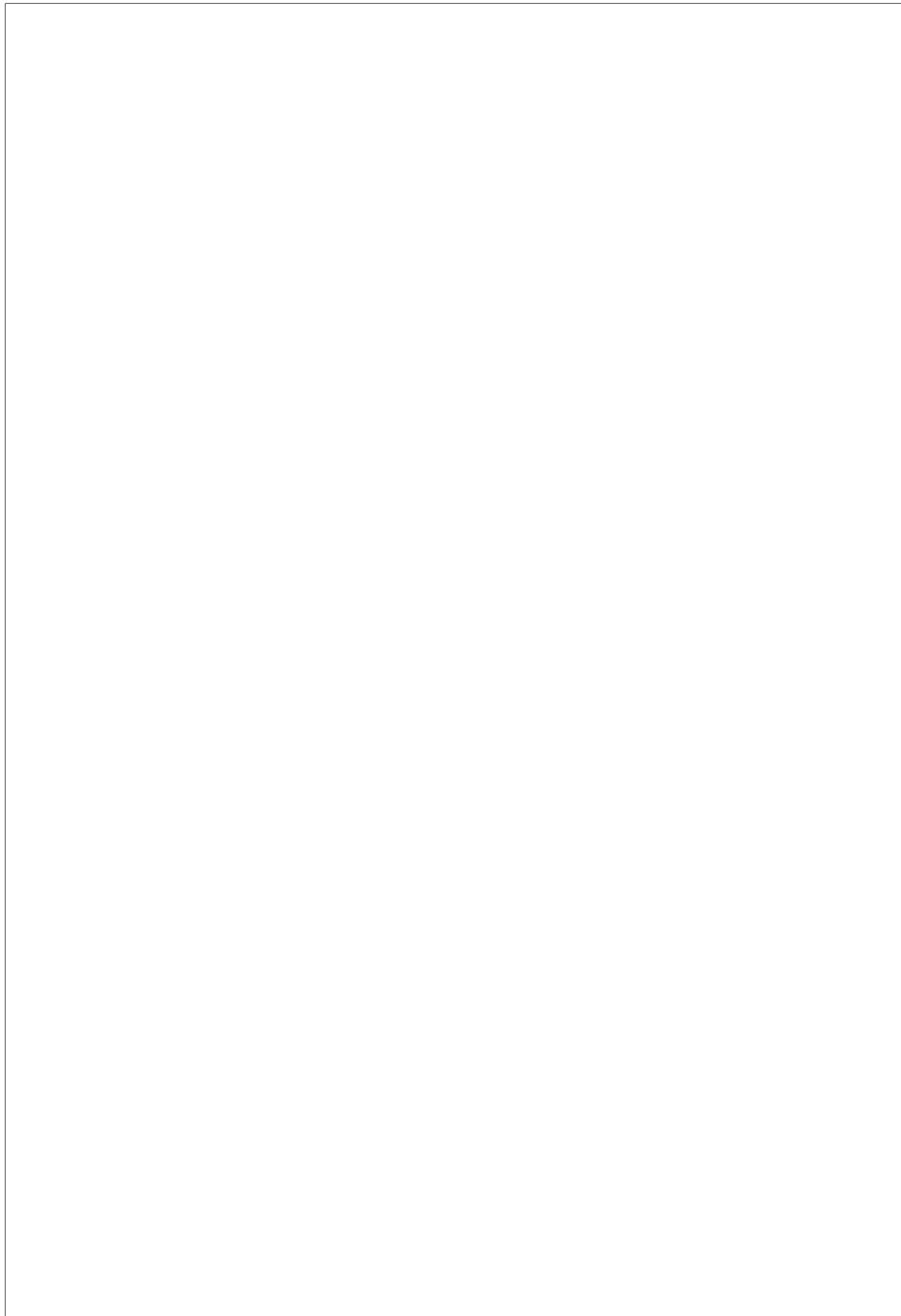


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13 AUGUST 1959

I. THE COMMUNIST BLOC

Peiping warns Burma's 'unreasonable attitude' over defector case may impair relations. [redacted]

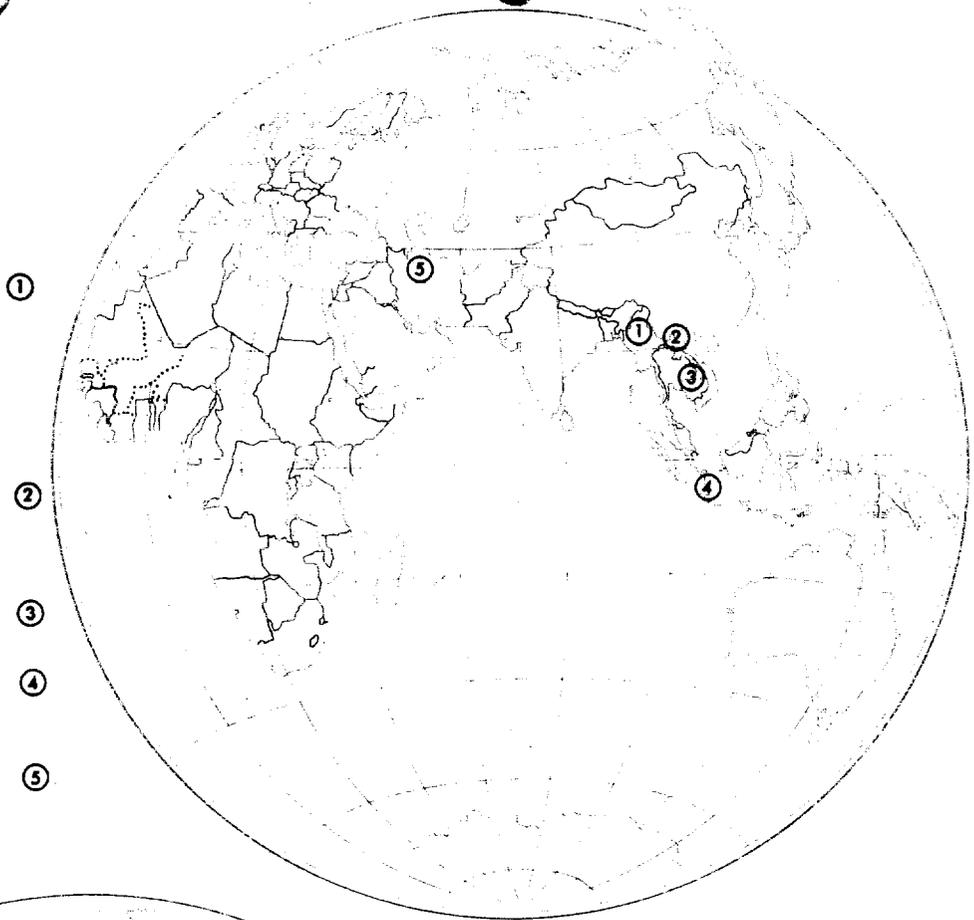
II. ASIA-AFRICA

Laos--Peiping Foreign Ministry announces Laotian tension can be reduced only by withdrawal of all US personnel and weapons and return of ICC.

Cambodia--Sihanouk contends Soviet military superiority over US dictates 'safe' policy of neutralism for small nations.

Indonesian feelers indicate possible request for increased American aid.

Iran seeking regional support, both against Soviet propaganda and to obtain more US assistance.



III. THE WEST

⑥ Costa Rican President seeks to prevent possible airlift from Cuba of men and weapons for invasion of Nicaragua.



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CENTRAL INTELLIGENCE BULLETIN

13 August 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

SIRAB

Communist China - Burma: [redacted]

[redacted] an "impairment of friendly relations between the two countries" may result from Rangoon's handling of the defection of a member of the Chinese Embassy. Peiping seems particularly concerned by the fact that the former embassy employee is to be involved in a Burmese trial, in which his reasons for defecting may be fully publicized. [redacted]

NO

(Page 1)

II. ASIA-AFRICA

*Laos: A Chinese Communist Foreign Ministry spokesman on 12 August stated that tension in Laos could be reduced only by the withdrawal of all American personnel and arms, the abolishment of all "US military bases" in Laos, and the return of the International Control Commission. Peiping denied the competence of the United Nations to deal with the situation on the grounds that the UN was not a party to the Geneva agreements. Although Communist propaganda has previously made threatening observations on the Laotian situation, this strong statement takes on additional weight by virtue of its official source.

OK

[The Laotian Army's demonstrated weakness during the initial phase of the insurgency in northeastern Laos may have further undermined the government's already tenuous authority in the affected areas. In some instances army units panicked and abandoned the local population with little or no resistance. The Laotian field commander in Sam Neua reportedly has said that he cannot rely completely on the loyalty of his troops.] [redacted]

A total of 114 men of a recently integrated Pathet Lao battalion have escaped from their encampment near Luang Prabang and are heading toward Sam Neua Province. This incident highlights the Laotian Army's weakness and, when it becomes known, will further reduce its prestige.) [redacted] (Page 2)

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Watch Committee conclusion--Laos: [Laotian Govern-
ment forces apparently control the majority of their outposts
in northern Laos. Dissident elements have the capability to
renew their attacks and, with North Vietnamese guidance and
logistic assistance, to threaten seriously the internal security
of the country. A resumption of dissident activity is probable.]

NO

Cambodia - South Vietnam: [The recent meeting in Saigon
between Premier Sihanouk and President Diem has helped ease
Cambodian-Vietnamese tensions, but Sihanouk's advocacy of a
"safe" policy of neutralism remains a root cause for regional
dissension. Rejecting rebuttals from his Vietnamese hosts,
Sihanouk is said to have insisted that the USSR has military su-
periority over the United States, especially in the missile field.
Sihanouk implied the predestined ascendancy of Communist China
in the Far East, and cited current fighting in Laos as the result
of too strong an anti-Communist position.]
(Page 4)

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Indonesia: A recent series of feelers from Indonesian Gov-
ernment sources, including one of General Nasution's aides,
strongly suggests to the American ambassador that the new cab-
inet may soon ask the US for expanded military and economic as-
sistance in meeting both short- and long-term problems. Indo-
nesia remains sensitive, however, to the conditions which are
normally a part of large-scale US aid agreements.

NO

Iran: [Iran is seeking regional backing against Soviet prop-
aganda as well as advice and support for obtaining more American
military and economic aid. Iranian intelligence chief Bakhtiar,
who is close to the Shah, recently made secret visits to Israel
and Pakistan for this purpose. Pakistani President Ayub--who
has also been pressing for increased US military aid--encour-
aged Bakhtiar to push for the creation of a "little entente" of
Iran, Pakistan, and Turkey to deal as a unit with foreign pow-
ers on questions of military and economic aid.]
(Page 5)

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13 Aug 59

DAILY BRIEF

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NO

Watch Committee conclusion--Middle East: Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq and Iran. The initiation of significant hostilities is unlikely in this area in the immediate future.

III. THE WEST

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Nicaragua - Costa Rica: Costa Rican armed forces in the Nicaraguan border area are moving to disperse Nicaraguan rebel groups in Costa Rica which made a foray into Nicaragua on 3 August and threaten further incursions. The Costa Rican President fears a new airlift of arms and men from Cuba to reinforce the rebel groups on Costa Rican territory, and has asked Guatemala for two fighter planes to help in patrolling against such an airlift. Meanwhile, the small rebel group that entered Nicaragua from Honduras in early August has been almost completely wiped out by Nicaraguan defense forces. Cubans and other foreigners have been among those rebels killed or captured.

13 Aug 59

DAILY BRIEF

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I. THE COMMUNIST BLOC

Peiping Renews Pressure on Rangoon for Return of Defector

[redacted] Peiping lodged a "serious protest" with Rangoon over Burma's refusal to return to Chinese custody a defector from the Chinese Communist Embassy. Liu Ping-yi, who had been employed in the commercial section of the embassy, asked for asylum on 12 July following an altercation with a Burmese neighbor in which he received a stab wound.

The Chinese are anxious to avoid publicity on Liu's defection, and the aide-memoire expressed particular annoyance over Burmese plans to have Liu testify at the trial of his assailant. Peiping warned that in the absence of a satisfactory settlement, Rangoon would have to bear responsibility for "any impairment of friendly relations between the two countries."

Rangoon thus far has shown no sign of deferring to Chinese pressure. After court proceedings against his assailant, Liu will be given the choice of returning to Communist China or departing for a third country. Communist China, for its part, may see fit to retaliate against Burma by breaking off the border talks now going on in Peiping. [redacted]

[redacted] the Communists did not appear to want agreement on the border, although at that time they were parrying Burmese requests in such a way as not to break off the talks. [redacted]

[redacted]

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II. ASIA-AFRICA

Situation in Laos

[The Laotian Army's demonstrated weakness during the initial phase of the insurgency in northeastern Laos may have further undermined the government's tenuous authority in the affected areas. In some instances, army units panicked and abandoned the local population with little or no resistance. The army's performance will disillusion government sympathizers and revive memories of the Viet Minh invasions of 1953-1954, when the Laotian Government was forced to abandon Sam Neua and was unable to reimpose its authority until November 1957.]

[Poor training and inexperienced leadership limit the Laotian Army's capabilities, and in addition the Communists may have had some success in subverting military personnel, especially the village militia. The Laotian field commander in Sam Neua is reported to have said he could not rely completely on the loyalty of his forces.]

[The US army attaché in Vientiane reports that 114 men out of a total of about 750 in the recently integrated former Pathet Lao battalion encamped near Luang Prabang escaped on 8 August from the encampment and are heading toward Sam Neua Province. Laotian Army officials are attempting to maintain secrecy over this development, but when it becomes known it will further reduce the army's rapidly dwindling prestige and probably embolden Communist cadres to risk new acts of violence against the regime.]

[In Thailand, Marshal Sarit reportedly is concerned over the Laotian situation, and reinforcement of border police in the northeast has been authorized. South Vietnam reportedly is planning to send a study mission secretly to Laos for contingent planning on the defense of southern Laos in the event of an all-out Communist offensive in Laos sponsored by North Vietnam.]

On 12 August, a Chinese Communist Foreign Ministry spokesman in a strong statement declared that tension in Laos could be

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reduced only by the withdrawal of all American military personnel and arms, the abolishment of all "US military bases," and the return of the International Control Commission. Peiping warned that all activities of the US and Laotian authorities "violating the Geneva agreements, creating tension in Indochina, and further to menace China, will certainly be firmly opposed by the Chinese Government and people." Peiping also denied the competence of the United Nations to deal with the Laotian situation on the grounds that the UN played no part in negotiation of the Geneva agreements.

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~~SECRET~~Cambodian - South Vietnamese Relations

[Immediate tensions between Cambodia and South Vietnam have been eased as a result of the discussions in Saigon last week between Premier Sihanouk and President Diem. The three-day informal talks between the two leaders and their top advisers were cordial and produced substantial agreement on a number of issues, such as trade relations and border controls, that have long been a source of friction. Sihanouk, flattered by the attention he and his party received, described the outcome as "clearing the way for an entente."]

[Lasting rapport between Cambodia and South Vietnam, however, seems improbable, given Sihanouk's fatalistic belief in inevitable Communist victory in the East-West struggle--a view which conflicts directly with Diem's aggressively anti-Communist position. Sihanouk is reported to have expounded on his belief in Soviet superiority in the missile field, rejecting rebuttals from Vietnamese officials present. Specifically, Sihanouk said that the USSR is superior to the US in ICBMs; he also maintained that the continued existence of American IRBM bases in foreign lands is being questioned.]

[Sihanouk claimed that Cambodia's neutralist policy is the only "safe" policy for small nations, and referred to the current fighting in Laos as an example of problems which come to governments that adopt too strong an anti-Communist stand. At another time during his visit, he explained that his recognition of Communist China in 1958 merely acknowledged the fact that Chinese Communist agents were already operating in Cambodia; when a Vietnamese official remarked that this gave a legal cover for these activities, Sihanouk replied, "That is destiny... and one cannot oppose destiny." Implicit in Sihanouk's conversations was his belief that Communist China is predestined for ascendancy in the Far East--a belief he apparently has held for some time.]

[Diem feels that this defeatist attitude has facilitated Communist subversion in Cambodia, particularly by Peiping. He is not reassured by Sihanouk's claim that he can successfully oppose Communism with "his own weapons." Fear of a Communist takeover in Cambodia was behind covert participation by South Vietnam and Thailand in Dap Chhuon's abortive effort last spring to oust Sihanouk from leadership, and will continue to be a disruptive factor in regional relations.]

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~~SECRET~~Iran Moves for Closer Coordination With Pakistan, Israel

[The chief of the Iranian intelligence agency, Major General Teimur Bakhtiar, who is close to the Shah, made secret visits to Pakistan 1-8 August and to Israel the preceding week, apparently seeking regional support for Iran's requests for increased American military and economic aid, as well as assistance which would make it easier for Iran to withstand the USSR's propaganda assault on Iran in general and the person of the Shah in particular.]

[In Pakistan, Bakhtiar and his delegation reportedly suggested the formation of a regional grouping consisting of Iran, Turkey, and Pakistan without any Western powers. President Ayub, who regards Iran as the weak link in the Baghdad Pact, instructed Pakistani officials to encourage the Iranians in discussion of such a regional grouping, which he reportedly regards as a useful vehicle for concerted action to obtain greater economic and military assistance from the US, Britain, or other states. Ayub probably believes such an entente, open to subsequent accession by other Middle Eastern nations, could strengthen the Baghdad Pact.]

[Turkey apparently has not yet been consulted, but might favor the new grouping, if the US were not opposed, as a means of shoring up Iran's wavering confidence in the Baghdad Pact. Tehran, however, dissatisfied with the benefits it has received from the present alliance, may be exploring reactions to the new proposal as a possible substitute for the pact.]

[Late in July, Bakhtiar reportedly discussed with high Israeli officials Iran's dissatisfaction with the level of US aid. Prime Minister Ben-Gurion on 8 August informed the American ambassador he had told Bakhtiar that Iran was clearly protected by the US, and commented to the ambassador on the importance of strengthening Iran. Israel this week is sending former Ambassador to Washington Abba Eban to Iran on a secret mission which probably concerns Israel's use of Iranian oil in the Eilat-Mediterranean pipeline. Eban may also intend to give expert advice on how to obtain more US aid and thereby hope to strengthen Israel's embryonic association of states on the periphery of the Arab world. This association includes Turkey, Ethiopia, and the Sudan, as well as Iran. The Israelis specifically are seeking to establish formal diplomatic relations with Iran, a step Tehran has been reluctant to take for fear of offending the Arabs.]

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III. THE WEST

Costa Rica Moving to Disperse Nicaraguan Rebels
Near Border

Costa Rican President Echandi is making every effort to enforce his country's neutrality, which is compromised by the presence of an estimated 200 rebels who made a foray into Nicaragua on 3 August and who threaten further incursions.

On 10 August, Echandi set up a military zone about 16 miles wide along the border and ordered the estimated 180-man Costa Rican military force in the area to disperse the rebels, returning their fire if necessary. [redacted] Echandi has been under heavy pressure from Nicaragua, which, [redacted] [redacted] had threatened to send forces into Costa Rica to rout the rebels. [redacted]

The rebels are being supported by opposition Costa Rican political leaders. Echandi informed the American Embassy on 11 August that two Costa Rican legislators and two Costa Rican pilots now are in Cuba organizing an airlift of men and arms to reinforce the rebels. Echandi said he is asking Guatemala for two fighter planes to help prevent any such flights from landing in Costa Rica.

Meanwhile, the small rebel group that entered Nicaragua from Honduras early this month has been almost completely wiped out, and there is no indication that the public agitation over student killings in Nicaragua has led to popular support for the rebel cause.

The rebel forces are believed to include Costa Ricans and other foreigners; two of those captured or killed in Nicaragua during the past ten days were identified as Cubans. The group in Costa Rica is believed to have been supplied with weapons from Cuba. [redacted]

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