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28 December 1960



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CENTRAL

INTELLIGENCE

BULLETIN



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28 DECEMBER 1960

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Burmese - Chinese Communist secret agreement authorizes troops of both countries to operate against Chinese Nationalist irregulars up to 15 miles on either side of border.

Nasir rejects proposal for guaranteeing private and foreign investments in Syria against nationalization.

Nepali Communist party reportedly divided in its interpretation of King's takeover of government.

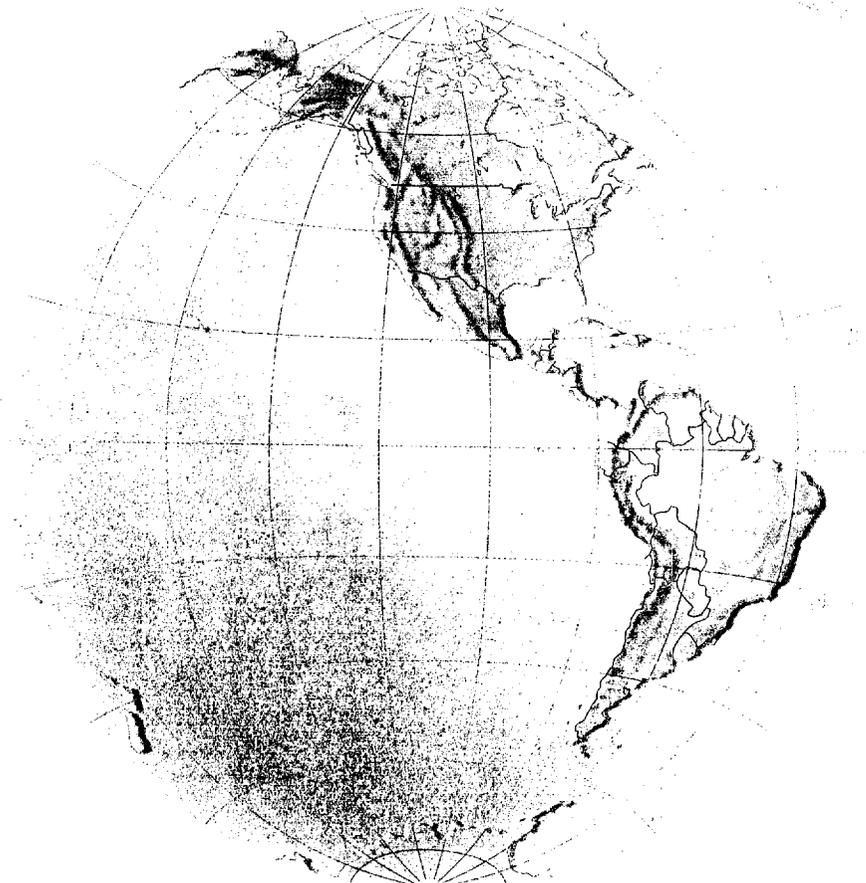
The situation in Laos.

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CENTRAL INTELLIGENCE BULLETIN

28 December 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

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Burma - Communist China: [Brigadier Aung Gyi, Burmese vice chief of staff, has confirmed the existence of a secret Sino-Burmese agreement--resulting from the recent border treaty--authorizing troops of both countries to operate against Chinese Nationalist irregulars up to 15 miles on either side of the border. Aung Gyi says about 2,000 Chinese Communist troops have been operating in Burma since late November.]

OK

[redacted] Communist troops have not pursued the irregulars after driving them from this border zone, [redacted] the armed irregulars do not intend to retreat into Laos.]

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UAR-Syria: Nasir, [redacted]

[redacted] has flatly rejected a proposal for a decree guaranteeing private and foreign investments in Syria against nationalization. [The proposal was made by UAR Vice President Nur al-Din Kahhalah, who is in charge of planning for the Syrian Region and who is convinced that without such a guarantee, there is no hope of fulfilling the ambitious Syrian economic development plans.]

no

On 23 December, Nasir concluded a major policy speech by lashing out at "exploiters and profit seekers" in the UAR business community and threatening to "liquidate" their activities. Prolonged foot-dragging by Syrian private investors could deal the shaky economy a serious blow and thus further complicate Nasir's political problems in the northern region.

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Nepal: [The Communist party in Nepal is reportedly divided in its interpretation of King Mahendra's 15 December takeover of the government. One wing views the King's move as a swing to the right, while the other argues that the King's ouster of the Nepali Congress government will actually help the Communist party. Mahendra is reportedly withholding action against the Communists at least for the time being. Several of the party's top leaders, en route home from the Moscow conference, are in India; those in Nepal were not arrested in the King's roundup of politicians. The moderate composition of the King's caretaker council of ministers, announced on 26 December, may strengthen the Communist faction which is urging opposition to the King's "rightist" actions.]

OK

Laos: The Soviet ambassador in Cambodia apparently is encouraging Souvanna Phouma to resist Western pressures for his formal resignation as prime minister of Laos; his resignation would undercut the bloc's efforts to justify support for Kong Le and the Pathet Lao on grounds that Souvanna heads the legal government. Souvanna reportedly has met privately with Soviet officials, including Ambassador Abramov, in Phnom Penh on at least two occasions within the past few days. These diplomats also may be seeking to convince Souvanna that he should reconsider his rejection of a Neo Lao Hak Sat invitation to come to Sam Neua.

OK

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Seven Soviet AN-12s flew to North Vietnam from Canton on 27 December--the first military cargo planes to do so. Six of these aircraft landed at Haiphong and one at Hanoi; at least two of these large transports have left North Vietnam.

In Laos an unarmed American diplomatic aircraft, conducting an observation flight about 70 miles north of Vientiane with the concurrence of the Laotian Government, was damaged by small-caliber fire on 27 December. A Soviet IL-14 directly beneath the American plane was in the process of making airdrops to rebel ground forces in the area and may have fired at least some of the shots. (Page 3)

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DAILY BRIEF

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Burmese Agreement Permits Chinese Communist Military Activities in Burma

[Redacted]
 [Brigadier Aung Gyi, Burmese vice chief of staff, has confirmed reports that about 2,000 Chinese troops are operating against Chinese Nationalist irregulars in the China-Burma-Laos border area. These operations have been undertaken, he stated, under a secret military agreement--resulting from the Sino-Burmese border treaty--which he signed in Peiping in October. Troops from both countries have been authorized to operate up to 15 miles on either side of the border; he claimed that the Chinese Communists have inflicted heavy casualties on the irregulars.]

[The agreement is said to have been drafted at Aung Gyi's initiative; he reportedly guaranteed to the Chinese that their military actions would receive no publicity in Burma. Only a handful of Burmese officials know of the agreement, and even Prime Minister Nu professes not to have been officially informed. Nu stated flatly in a press conference on 20 December that there was no agreement, and that if there were Chinese Communist troops in Burma who refused to leave, "they would be driven out." Official acknowledgment of this military cooperation would arouse widespread apprehension in Burma.]

[So far, the agreement appears to be of a temporary nature, restricted to the protection of the joint Sino-Burmese demarcation teams operating in the eastern Shan border area. However, it appears that the Chinese Communists have taken the initiative in attacking groups of KMT irregulars within the border area. [Redacted]

[Redacted] neither the Chinese Communists nor the Burmese have pursued the irregulars outside the immediate border zone. [Redacted] discounted reports that the armed irregulars, estimated at 3,500, plan to retreat into Laos. He asserted that only noncombatants and a field hospital have been withdrawn from Burma into Laos.]

[Redacted]

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Nasir Labels Syrian Business Community "Exploiters"

[UAR President Nasir, [redacted] flatly rejected a Syrian proposal for a government decree guaranteeing private and foreign investments in Syria against nationalization. The proposal was made by UAR Vice President Nur al-Din Kahhalah, a Syrian, who is in charge of planning for the Syrian Region and who is convinced that without such a guarantee, there is no hope of fulfilling the ambitious Syrian economic plans.]

[For months Syrian officials have attempted to persuade businessmen to cooperate in getting the region's ambitious Five-Year Plan under way. Private investors are scheduled to provide about 60 percent of total planned investment. However, Syrian businessmen have refused to participate, despite official oral reassurances, without a written guarantee against Egyptian-inspired nationalization. In late December the Syrian executive council, after lengthy debate, forwarded its recommendation to Cairo that such a decree be issued.]

[Nasir's reaction was swift and decisive. He chose the closing moments of his 23 December speech celebrating the 1956 "victory" over France, Britain, and Israel to lash out at Syrian capitalists, labeling them "exploiters and profit seekers" and threatening their liquidation. Two days later, [redacted] Nasir denounced the Syrian executive council's recommendations point by point. He not only refused to consider a decree protecting private investors but went even further. He said that he did not order or accept government statements repeatedly begging private capital to participate in the plan.]

[Nasir's reaction is likely to confirm Syrian suspicions of Cairo's ultimate goal of controlling all Syrian economic activity. Prolonged foot-dragging by Syrian private investors could deal the shaky economy a serious blow and thus further complicate Nasir's political problems in the northern region.] [redacted]

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Situation in Laos

Souvanna Phouma has met [] with Soviet officials, including Soviet Ambassador Abramov, in Phnom Penh on at least two occasions within the past few days. Moscow is apparently making a strong effort to encourage Souvanna to resist Western pressure for a renunciation of his claims to represent the legal government of Laos. A formal resignation by Souvanna as prime minister of Laos would undercut the bloc's efforts to justify support for Kong Le and the Pathet Lao on the grounds that such assistance is being given to a legal government.

The Soviet diplomats also may be urging Souvanna to reaffirm publicly his claim to head the only legitimate Laotian government and to endorse the Soviet proposal to reactivate the ICC for Laos. Moscow would regard such a statement as greatly strengthening its political maneuvers as well as any future demand for UN consideration of "US imperialist aggression" in Laos. In addition, the Soviet diplomats may have asked Souvanna to reconsider his previous rejection of a Neo Lao Hak Sat invitation to establish himself in the Pathet Lao stronghold of Sam Neua.

An unarmed diplomatic aircraft of the American air attaché in Saigon, who is also accredited to Laos, was fired upon on 27 December while flying reconnaissance over the Vang Vieng area, about 70 miles north of Vientiane. The C-47 aircraft, whose mission had the full concurrence of the Laotian Government, had been in the area for some time. A Soviet IL-14 was below the American aircraft and was engaged in airdrops to rebel ground forces at the time the American plane was fired on. At least some of the firing may have come from the IL-14. One motor was damaged and there were many bullet holes in the fuselage. No crew member was injured and the plane landed safely in Vientiane. []

Seven Soviet AN-12 heavy transports flew to North Vietnam on 27 December as scheduled. Six flew to Haiphong and one to Hanoi. Some of them apparently were unloaded immediately, since

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they began returning to Communist China less than two hours after landing. These seven AN-12s could have ferried in between 105 and 140 tons of cargo which will probably be flown into Laos aboard the Soviet IL-14s and North Vietnamese transports which have been engaged in lift operations between Hanoi and points in Laos.

Both Soviet and North Vietnamese transports continued to be scheduled for flights into Laos through 26 December. Four Soviet IL-14s were scheduled on 26 December to fly two round trips each from Hanoi to Sam Neua. Seven flights by Soviet IL-14s were scheduled for the Vang Vieng drop zone north of Vientiane. At least one North Vietnamese transport was scheduled for a flight to the Vang Vieng area. The total of confirmed flights into Laos by Soviet IL-14s between 3 and 26 December is now 122.

[redacted] arms, munitions, rice, and milk are being airdropped. [redacted] "cannon and mortars" are also being dropped. [redacted]

[redacted]

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