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22 December 1960

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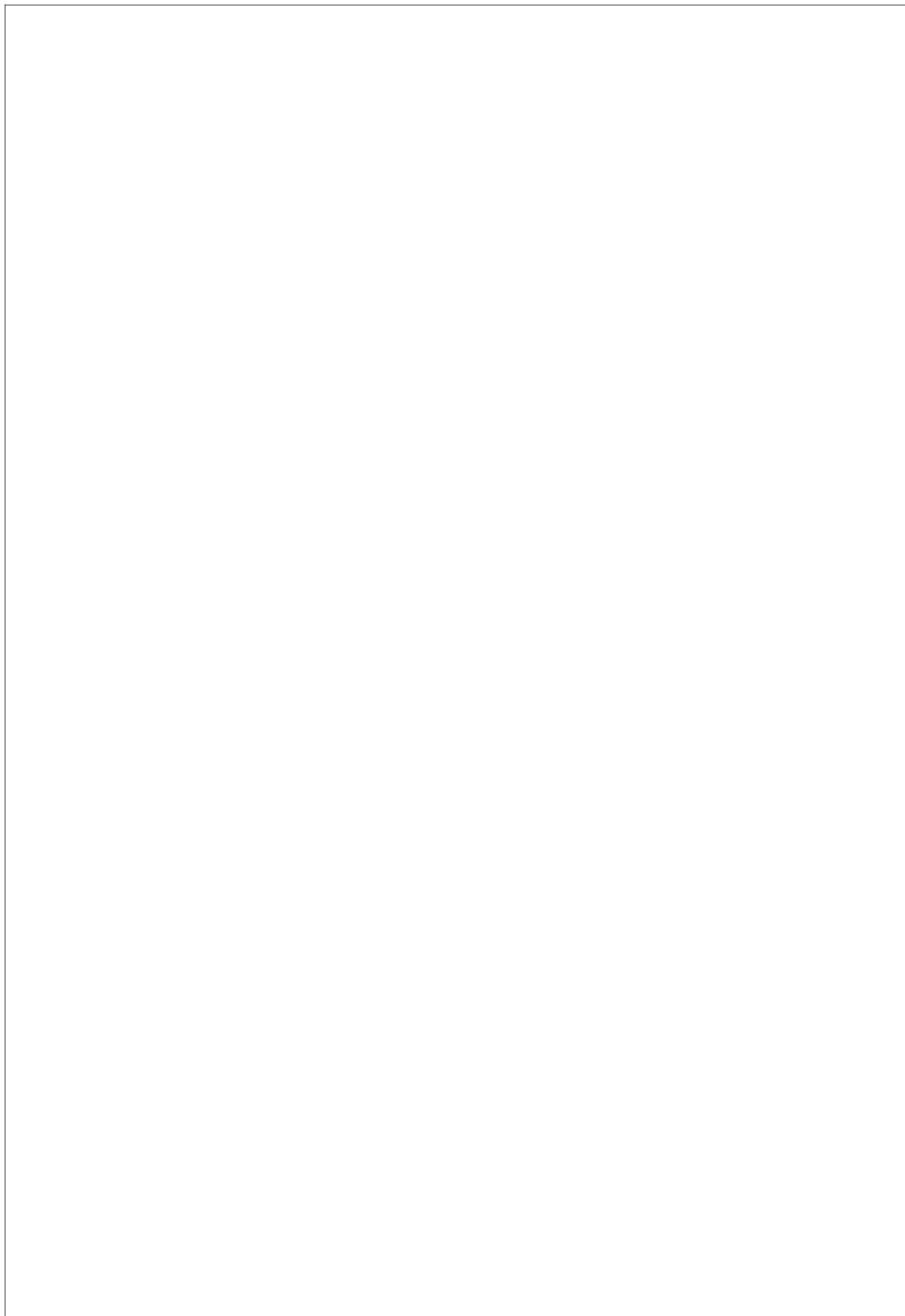
CENTRAL INTELLIGENCE BULLETIN



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22 DECEMBER 1960

I. THE COMMUNIST BLOC

USSR-Indo: asia--First delivery en route under \$277,000,000 naval aid agreement. ①

II. ASIA-AFRICA

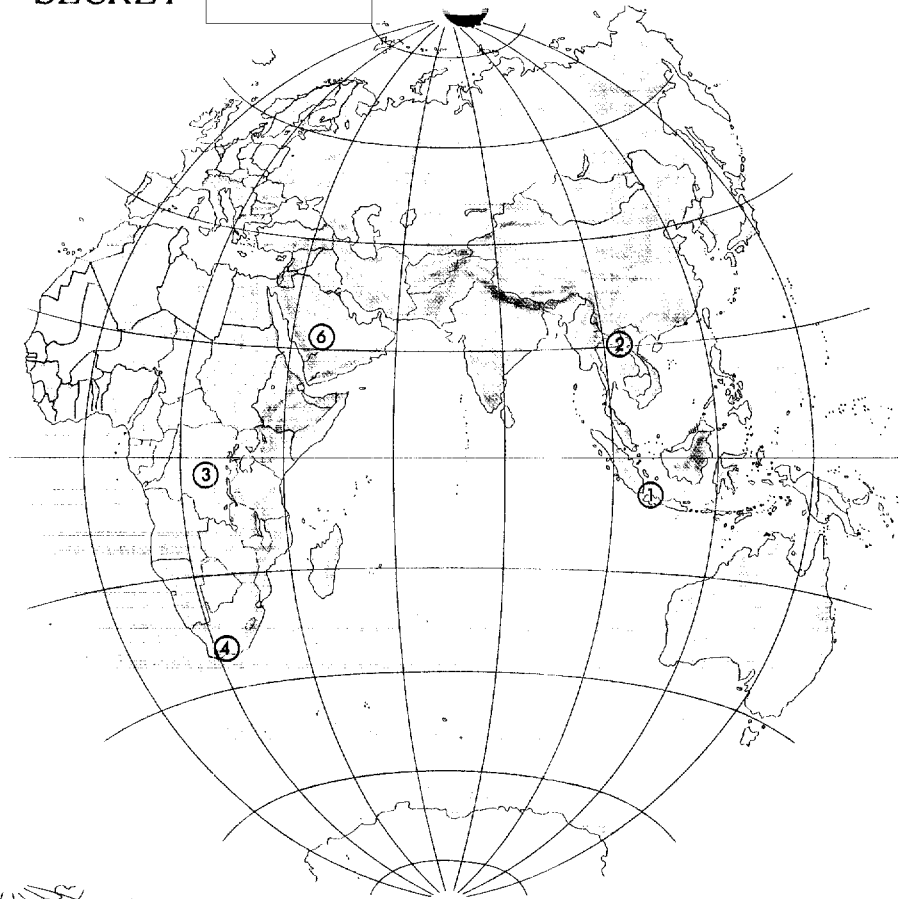
Laos--Chinese Communists continue threats; Phoumi force from Vientiane reported pursuing Kong Le. ②

Congo--Situation in Stanleyville explosive. ③

III. THE WEST

Portugal-South Africa--Closer military cooperation in Africa planned. ④

Brazil--President-elect Quadros plans neutralist foreign policy. ⑤



LATE ITEM

⑥ Saudi Arabia--King Saud moves to resume control of government.



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CENTRAL INTELLIGENCE BULLETIN

22 December 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

USSR-Indonesia: [A Soviet merchant ship and a tug, each towing a submarine chaser, appear to be en route to Indonesia with the first delivery of naval vessels under a \$277,000,000 agreement apparently concluded last summer. The Soviet ships, out of Vladivostok, were sighted west of Okinawa on 19 December. Under the agreement, Moscow is to provide a light cruiser, destroyers, submarines, minesweepers, and submarine chasers, as well as other small ships and amphibious warfare equipment for the Indonesian Marine Corps. Previously the USSR has furnished the Indonesian Navy \$85,000,000 worth of aid, including four destroyers, two W-class submarines, and eight submarine chasers.] (Page 1)

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II. ASIA-AFRICA

Laos: In a 21 December greeting honoring North Vietnam's Army Day, Chinese Defense Minister Lin Piao pledged "the utmost efforts to safeguard the Geneva agreements and put a stop to US imperialism's intervention and aggression in Laos." This implied threat is a further effort to deter support for Phoumi. The USSR, co-chairman with Great Britain of the 1954 Geneva Conference, has thus far remained silent on proposals from Peiping and Hanoi for reactivation of the ICC in Laos and reconvening the conference. It seems likely, however, that Moscow will soon respond by formally approaching London with this proposal. [Elements of Phoumi's force in Vientiane were reported moving northward on 21 December with the intention of engaging Kong Le's force.] (Page 2)

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Congo: [redacted] Stanleyville

[redacted] the recent calm there as deceptive, and reports that an anti-white explosion could take place at any time. [redacted] the economic situation is "at a dead end," with food and gasoline in short supply. [redacted] anti-American sentiment is strong, and that no Europeans are being allowed to leave lest their departure further disrupt the local economy. [redacted]

No

Although a representative of the Gizenga regime has been warmly received in Cairo, the attitude of Sudan continues to pose at least a temporary obstacle to UAR or Soviet initiatives to provide material aid. [redacted]

[redacted] Sudan "is avoiding giving us overflight and landing permission" for flights to the Congo, and that he was having trouble obtaining appointments with senior officials. [redacted]

[redacted] Colonel Mobutu continues to build up his forces in and around Orientale Province, and Congolese officials have hinted at an attack in late December. Mobutu appears hesitant, however, and has reportedly asked his Belgian advisers for aid in procuring more equipment and transport. [redacted]

III. THE WEST

Portugal - South Africa: [redacted]

Portugal, after several months of cautious explorations, is moving toward closer military cooperation with the Union of South Africa. The Portuguese apparently envisage an exchange of intelligence and the provision of South African logistical assistance to their military forces in Angola and Mozambique. They remain wary, however, of any moves which might identify Portugal publicly with the Verwoerd government. Lisbon therefore instructed its embassy in Pretoria on 14 December to conduct "at least the first phase" of the projected military conversations through the Portuguese military attaché. [redacted]

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Brazil: [President-elect Janio Quadros plans a more "independent" and neutralist foreign policy after his inauguration on 31 January. He reportedly is "determined to disengage Brazil from economic dependence on the United States," and intends to reorient economic policy toward Britain and Europe, which he feels now have adequate financial resources and whose banking officials have given him assurances of loans and aid. He is reported to have authorized Vice President Goulart, who visited the USSR this month, to take the first steps toward closer cooperation with the USSR. Quadros, vacationing in Italy, still hopes to arrange a meeting of neutralist leaders on the Yugoslav island of Brioni and later to tour Latin America. Quadros reportedly believes such policies will buy off leftist criticism when he initiates orthodox fiscal policies at home.] (Page 5)

OK

IV. WATCH COMMITTEE CONCLUSIONS

[No Sino-Soviet bloc country intends to initiate hostilities against the United States or its possessions in the immediate future.]

- B. [No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the bloc in the immediate future.] No
- C. [The scale of Communist bloc airlift operations associated with the Laotian situation is consistent with what we believe to be a decision to provide sufficient support to the Kong Le/Pathet Lao forces to prevent establishment of effective control over the country by an anti-Communist Lao government. This course of action will involve: a) an intensification of Pathet Lao guerrilla activity, b) the]

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continuation of support to the Kong Le/Pathet Lao forces in material and personnel, and c) an increase in the numerical strength of Pathet Lao forces.]

[It appears unlikely that the Communist bloc has decided to intervene openly with its own identifiable military forces at this time. A decision on its part to do so in the future, however, is not precluded and probably would be dependent in part on the bloc's estimate of its chances of success in achieving a military or political settlement acceptable to the Communists.]

LATE ITEM

*Saudi Arabia: King Saud, who has made sporadic attempts for more than two years to reassert his authority over the Saudi government, appears at least for the moment to have succeeded. He has issued royal decrees proclaiming his "acceptance of the resignation" of his brother Crown Prince Faysal from the post of prime minister, his own assumption of that position, and the replacement of all the other ministers.

The composition of his new ten-man cabinet suggests that the King had the full support of the influential "liberal" Saudi princes for his power move; he has named three of them as new ministers of finance, interior and communications. For the key post of defense minister, he has selected his favorite son Muhammad, who had been Chief of his Royal Advisory Council. The King's appointment of Abdullah Tariki as Oil Minister, together with the fact that, for the first time, more than half the ministers are not members of the royal family, may have considerable appeal to the various Saudi elements which have been eager for some sort of political reform. OK

At this stage, the King appears to have enough backing in the military, among tribal leaders, and within the royal family to give him the upper hand should the ailing Faysal and his supporters attempt a quick counter move. (Page 6)

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~~SECRET~~Delivery of Soviet Naval Vessels to Indonesia

[Two Soviet submarine chasers, towed by a freighter and a tug, apparently are being delivered to Indonesia under the \$277,000,000 naval aid agreement concluded by Admiral Martadinata during his visit to Moscow this summer. The four Soviet ships--out of Vladivostok--were sighted west of Okinawa on 19 December. The Soviet Union delivered ships to Indonesia in 1959 from Vladivostok employing similar methods.]

[Previous deliveries of bloc naval units to Indonesia, under an \$85,000,000 agreement, included four destroyers, two submarines, and eight subchasers. Under the new naval agreement, Moscow is to provide a light cruiser, two destroyers, four submarines, six minesweepers, eight patrol craft, ten motor torpedo boats, and an assortment of auxiliary ships. In addition, amphibious equipment--consisting of landing vehicles and tanks--and artillery are scheduled to be supplied to the Indonesian Marine Corps.]

[A high-level Indonesian mission, including Foreign Minister Subandrio, Air Force Chief of Staff Marshal Suryadarma, Army Chief of Staff General Nasution, and several ranking naval officers, is due to arrive in Moscow later this month. The make-up of the delegation and the apparent initiation of Soviet naval deliveries to Indonesia suggest principal emphasis during the visit will be given to negotiating the air force's requests of last July for additional Soviet equipment. At that time the air force asked Moscow to provide two squadrons of MIG-19 or MIG-21 jet fighters and one squadron of TU-16 jet bombers, as well as ground-to-air and air-to-air rockets. In addition, General Nasution--who has been thus far reluctant to follow the lead of the navy and the air force in procuring large amounts of bloc materiel--may use this opportunity to explore again the possibility of accepting large-scale Soviet arms aid.]

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Situation in Laos

Communist China's Defense Minister Marshal Lin Piao has charged the US with "blatantly interfering by force of arms" in Laos. In a 21 December greeting honoring North Vietnam's Army Day, Lin Piao pledged "the utmost efforts to safeguard the Geneva agreements and put a stop to US imperialism's intervention and aggression" in Laos. This unspecific threat is almost identical in phrasing to an official Peiping statement on 14 December and a People's Daily editorial of 16 December. Its reiteration by Peiping's top military leader--evidence of the emphasis the Chinese wish to place on their veiled warnings to the United States--is consistent with the bloc effort to create an atmosphere of tension and deter support for Phoumi.

The Soviet Union, in its capacity as co-chairman of the Geneva Conference, has thus far remained silent on proposals from Peiping and Hanoi calling for reactivation of the ICC in Laos and reconvening the 1954 Geneva participants. It seems likely, however, that Moscow will soon respond by formally approaching London with this proposal.

Recent Moscow broadcasts continue to elaborate on alleged direct US involvement in the fight for Vientiane and have also warned of possible open American troop landings in Laos. Soviet propaganda has carefully pointed out that Laos is an example of the national liberation movement, that the struggle for the country will continue, and that Phoumi's capture of the capital was a "Pyrrhic victory." [REDACTED]

The airlift into Laos from North Vietnam continues, with both Soviet and North Vietnamese transports participating. At least four flights by Soviet IL-14s were made to the Vientiane area on 20 December, and ten more were scheduled for 21 December. Soviet paradrops were again observed on 21 December about 40 miles north of Vientiane. Between 3 and 20 December, Soviet transports had been scheduled for 169 flights to

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Laos, of which at least 100 have been confirmed. North Vietnamese transports were also active on 20 December in flights to Na San and Dien Bien Phu, and several North Vietnamese aircraft were scheduled to make flights to Sam Neua, Vientiane, and Dien Bien Phu on 21 December. This is the first time North Vietnamese transports have been scheduled to fly to Vientiane.

No flights were made to Nanning by Chinese Communist transports on 20 December, and the Chinese Communist civil transports which had been shuttling between Nanning and Hanoi were also apparently inactive on 20 December. The three Soviet AN-12s which left Canton on 20 December have returned to the USSR, however, six additional AN-12's have been scheduled from Sverdlovsk to Irkutsk and it is possible that they may continue on to Peiping and thence to Canton with additional supplies for Laos. [redacted]

[redacted] Operations by General Phoumi's forces against the retreating Kong Le force were to have begun on 21 December. [redacted] commando elements under Major Siho have already advanced well up the road from Vientiane to Luang Prabang and expect to engage Kong Le's main forces shortly, about 40 miles north of Vientiane. Soviet aircraft have been observed dropping supplies to Kong Le in this area, which apparently is the base for the present regrouping and resupply operations. Kong Le is said to have two companies of his Second Paratroop Battalion there plus a reported 600 Pathet Lao troops. Some of the Soviet-provided howitzers used in the defense of Vientiane are reported to be in position in the vicinity.]

~~3~~ The operational plans of Phoumi's forces call for the ultimate commitment of three infantry battalions, plus artillery and armored support elements. Elements of the First Paratroop Battalion will also be employed. The contemplated three-pronged offensive is aimed at dispersing the Kong Le and Pathet Lao forces into isolated pockets, to be dealt with in later phases of the operation. ~~3~~

The Boun Oum government is gradually establishing itself in Vientiane. Premier Boun Oum's first public pronouncements have been notable for their uncompromising tone in

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connection with various proposals for mediating the crisis in Laos. He has, for example, rejected out of hand the proposal from varying sources for the reactivation of the ICC for Laos. His information minister has been quoted as saying that Laos will join SEATO if it becomes necessary.

[Redacted]

[Redacted]

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[Redacted]

~~CONFIDENTIAL~~

Brazilian President-Elect Plans "Independent"
Foreign Policy

[Brazilian President-elect Janio Quadros plans a more "independent" and neutralist foreign policy after his inauguration on 31 January.]

[] the latter is "determined to disengage Brazil from economic dependence on the United States" and intends to reorient economic policy toward Britain and Europe, where he feels there are now adequate financial resources. Quadros has reportedly been assured by British and German bankers that their countries will grant Brazil loans and economic aid.]

[] attributes Quadros' plans for a neutralist policy partly to his belief that this will buy off leftist criticism when he initiates orthodox fiscal policies, which will be unpopular.]

[Dantas has been mentioned as either a cabinet possibility or the first Brazilian ambassador to the USSR after diplomatic relations, broken in 1947, are resumed. Quadros, previously labeled a "Wall Street lackey" by the leftist press, promised during the election campaign to re-establish diplomatic relations with Moscow and to recognize Communist China. Through Dantas, Quadros reportedly authorized Vice President Goulart-- who visited Moscow from 5 to 14 December--to take the "first steps" in establishing closer cooperation with the USSR. Goulart had previously planned to visit Communist China, but his unexpected return to Paris on 14 December was interpreted by the press as indicating he has abandoned the idea.]

[Quadros, who is vacationing in Europe after an eye operation, still hopes to arrange a meeting of neutralist leaders on the Yugoslav island of Brioni. After his return to Brazil he intends to make short visits to all Latin American countries, with the possible exception of Argentina and Paraguay.]

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~~CONFIDENTIAL~~King Saud Moves to Resume Control of Saudi Arabian Government

After more than two years of intermittent maneuvering, King Saud appears to have succeeded at least temporarily in reasserting his authority over the Saudi Government. On 21 December he issued a royal decree "accepting the resignation" of his brother Crown Prince Faysal from the post of prime minister, and announcing that, in accord with Saudi law, all the other ministers were considered as having also resigned. In subsequent decrees, the King proclaimed that he personally was assuming the powers of prime minister, and he named a completely new cabinet.

Saud, now 58 years old, ruled as absolute monarch from November 1953 until March 1958. During this period he made a number of political blunders, including a clumsy attempt to have UAR President Nasir assassinated. He also sanctioned such lavish royal family expenditures that the country was brought to the verge of bankruptcy. In March 1958 a coalition of influential senior Saudi princes forced him to delegate most of his authority to Faysal, who became prime minister, as well as minister of foreign affairs, and for a time also functioned as finance minister and interior minister.

Faysal's administration restricted royal expenditures and restored financial order, but was cautious and slow to move in initiating even limited political reforms and economic development programs. The King, constantly seeking means of reasserting his authority and eager to line up the support of the "liberal" Saudi princes, as well as the influential merchants and traders, asserted that he would act much more decisively in these fields.

The composition of his new cabinet suggests that he now has the backing of the "liberal" princes. This factor, together with the adherence of most Saudi tribal leaders and the loyalty of at least the White Army and Royal Guard Regiment, would appear to give him the upper hand should Faysal and his supporters attempt a quick counter-move.

If, however, the King begins to act as ineptly as he did during his earlier period of rule, he might create, sooner or later, conditions which would not only assure his own displacement but also hasten the overthrow of the monarchy itself.

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