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19 January 1961



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# CENTRAL INTELLIGENCE BULLETIN



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19 JANUARY 1961

THE COMMUNIST BLOC

USSR preparing new space vehicle attempt. [redacted]

USSR--Two candidate members added to party presidium.

Communist China's short-term indebtedness to USSR more than doubled in past year.

Polish aid to Cuba being held to minimum in hope this will help Poland obtain American economic assistance.

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ASIA-AFRICA

Situation in Laos.

Congo--Gizenga emphasizes need of his forces for military equipment.

Philippine foreign secretary voices doubts of SEATO effectiveness.

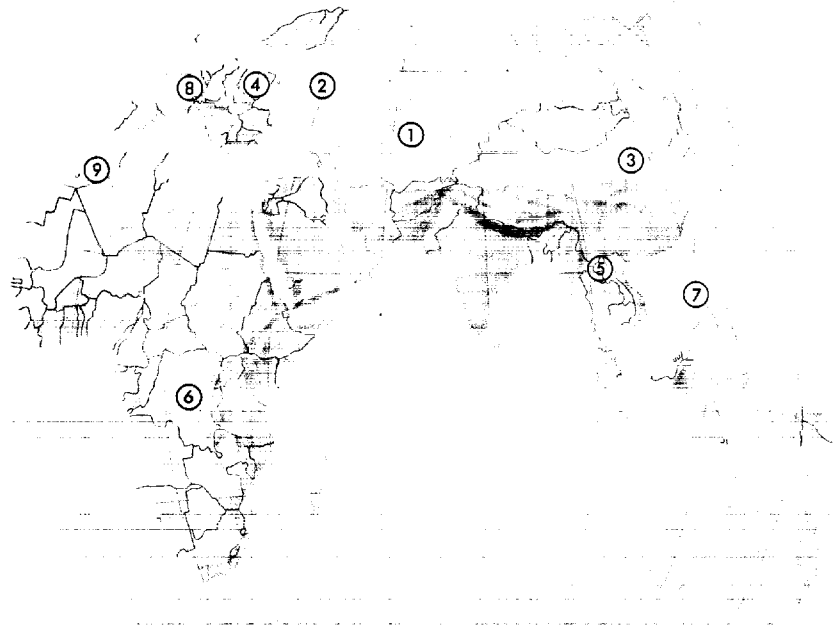
Preliminary negotiations for meeting between De Gaulle and Ferhat Abbas reported under way.

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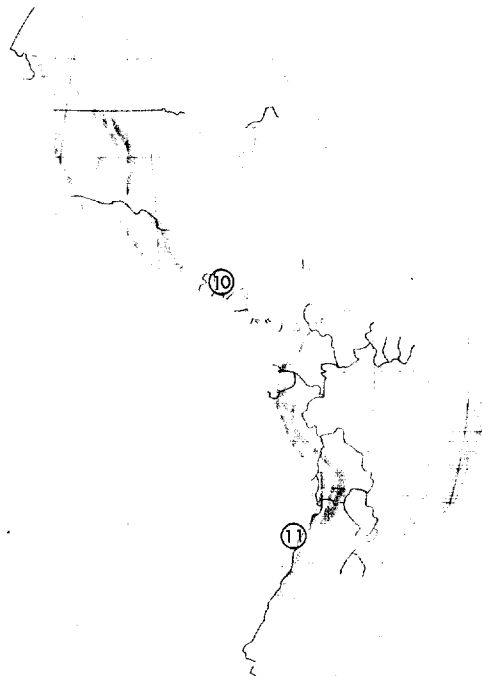


⑨ Morocco reported refusing to permit Soviet technicians to accompany gift aircraft.

THE WEST

⑩ Armed forces demand that government curtail Communist and pro-Castro activities in El Salvador.

⑪ Chile ready to approve sale of copper to USSR.



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# CENTRAL INTELLIGENCE BULLETIN

19 January 1961

## DAILY BRIEF

### THE COMMUNIST BLOC

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USSR: Recent developments indicate the USSR is completing preparations for launching a space vehicle from Tyura Tam, probably within the next several days. It appears most likely that this operation will involve an attempt to launch and recover an earth satellite vehicle.

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[redacted] (Page 1)

USSR: The addition of two new candidate members to the party presidium on 18 January lays the groundwork for further shake-ups in that ruling party body, possibly at the 22nd party congress scheduled for October 1961. The new candidates, 50-year-old Gennady Voronov, party chief in Orenburg Oblast--a major grain-producing area--and 46-year-old Viktor Grishin, Soviet trade union head, are perhaps being groomed as replacements for full members whose tenures may now be insecure. Nikolay Podgorny, presidium member and Ukrainian party chief, was sharply criticized by Khrushchev at the plenum for weak leadership of agriculture and may be on probation for the coming year. The plenum--one of the longest in recent years--ended with a report on the November Moscow conference of Communist parties by Mikhail Suslov, who along with Khrushchev and Kozlov played a dominant role in the conference.

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Communist China - USSR: Chinese short-term indebtedness to the USSR has more than doubled in the past year, [redacted]. The year-end status of the clearing accounts, which are comparable to a balance of payments, reveals that China's debt to

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the USSR rose from \$145,000,000 at the end of 1959 to \$382, - 000,000 at the end of 1960. This sharp rise in China's short-term indebtedness to the Soviet Union may explain Chinese efforts in autumn 1960 to cancel some import orders and to delay negotiations on 1961 trade commitments. China's poor agricultural year probably has caused considerable difficulties in meeting export commitments, which would add to China's balance-of-payments difficulties with the USSR

Poland-Cuba: The Polish regime has been reluctant to become involved in bloc aid to Cuba beyond the minimum required to conform with Soviet policies, mainly because it hopes to negotiate large amounts of American long-term economic aid. Polish handling of other aspects of relations with Cuba also has differed markedly from the treatment accorded Havana by the rest of the bloc. Warsaw made a point of not inviting Castro's chief Communist adviser, Che Guevara, for a state visit during his recent tour of Eastern Europe. High-level Polish officials repeatedly have implied in conversations with American officials that their interests in Cuba are minimal, and they have emphasized that they would not ship military goods to Havana.

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ASIA-AFRICA

Laos: Kong Le - Pathet Lao forces have gained control of Phou Khoun, at the junction between the Vientiane - Luang Prabang road and Route 7 leading eastward toward Xieng Khouang Province. Forty miles to the south, Pathet Lao counterattacks are imperiling consolidation of government control in the Vang Vieng area. Fourteen of the 18 Soviet LI-2s have arrived at Hanoi; the remaining four left Peining en route to Hanoi on 19 January. (Map).

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\*Congo: Dissident leader Gizenga, [redacted] criticizing his Cairo representative for delays in securing aid deliveries, has ordered him to concentrate on shipments of military equipment to Stanleyville and to postpone other aspects of an extensive plan to buttress the dissident regime which the representative had proposed earlier. Gizenga seems increasingly apprehensive about the ability of his troops to meet opposing forces--a fact which may be related to recent orders from Stanleyville to Gizenga units in Katanga Province advising them to consolidate their positions for the time being. [redacted]

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[redacted] the town's garrison had been attacked by "para-commandos." The unit reported that its gasoline--in short supply among Gizenga's forces--was "completely exhausted." [redacted]

The 17 January transfer of deposed premier Lumumba from Leopoldville Province to Elisabethville in Katanga Province suggests that Tshombé and Mobutu may be increasing their cooperation under pressure of continuing Gizenga successes. It seems probable that Lumumba will be used as an object of negotiation at the forthcoming round-table conference of Congolese leaders, now scheduled for 15 February in Elisabethville. However, the American consul in Elisabethville believes that Lumumba may not survive his imprisonment there. Meanwhile Tshombé, who has previously indicated concern over the trustworthiness of many tribal groups in Elisabethville, has staged a large-scale security sweep of dissidents in the city, arresting about a thousand persons including 18 whites. [redacted]

Philippines: [redacted] Philippine Foreign Secretary Serrano has expressed his concern to an American Embassy official over what he termed the weakening of the SEATO alliance by the attitude of the British and French, particularly toward the Laotian crisis. He said that one reason for calling a conference of foreign ministers of South Vietnam, Nationalist China, South Korea, and the [redacted]

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[redacted] by insisting that Morocco accept Soviet pilots and technicians on a long-term basis. Moscow may, however, urge the Moroccans to permit bloc personnel to assemble and test the aircraft.]

[redacted] THE WEST

El Salvador: The Salvadoran armed forces evidently presented the provisional government with an ultimatum on 16 January demanding the immediate curtailment of Communist and pro-Castro activity in El Salvador. The government has apparently, at least for the moment, succumbed to the military pressure. Defense Minister Castillo Navarrete, who was reported earlier in the week to have army backing for a coup if necessary to quell the Communists, told American Embassy officers on 17 January that he and a number of other officers had spent most of the previous day talking with the ruling junta on measures for controlling the Communists. On 17 January, the junta issued a strong public warning that it is prepared to counter Communist activity. It also announced the recall of the Salvadoran ambassador in Havana. [redacted] (Page 7)

OK

Chile-USSR: The conservative Alessandri government is reported about ready to approve the sale to the Soviet Union of 60,000 tons of semifinished copper products annually over the next five years. This is about 10 percent of Chile's total production. Copper is usually in short supply within the bloc, and Chile has not made any direct copper sale to the Soviet Union in recent years. [redacted] (Page 9)

OK

## WATCH COMMITTEE CONCLUSIONS

- A. [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,]

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[or areas peripheral to the bloc in the immediate future.]

- C. [The Sino-Soviet bloc support for the Communist forces in Laos continues unabated and there are indications that it will increase. Continuing Communist attacks from the Xieng Khouang area threaten to divide and weaken the Royal Laotian Army forces. With its military position deteriorating, the Boun Oum - Phoumi government is increasingly likely to seek outside military assistance.]
- D. [Other developments affording increased opportunities for exploitation by the Communist bloc: The pro-Lumumba regime in Stanleyville is apparently meeting with success both in its political and military activity in the Congo and is pushing ahead with arrangements for material aid and increased diplomatic support from the radical nationalist African states and the bloc. Despite evidence of attempts by anti-Lumumba leaders to submerge their own differences, the political situation of the Leopoldville group is still deteriorating.] [redacted]

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[Philippines, which opened in Manila on 18 January, was the apparent inability of SEATO to act in the Laotian crisis. Stressing his belief that any indication that the US was wavering in its firm positions would have wide repercussions in the area, Serrano asserted that there is considerable Asian disappointment with SEATO and that continuation of the present trend might force the Philippines to reappraise its SEATO policies.] (Page 4)

\*France-Algeria:

[De Gaulle and rebel premier Ferhat Abbas have agreed in principle to meet, and that negotiations are now under way to determine when and where--perhaps in the first week of March in a French city other than Paris. De Gaulle would consider his demand that various Algerian tendencies be represented would be met by the inclusion of the chief of a rival nationalist group in preliminary negotiations only.] In Tunis, a member of the rebel government asserted the rebels have no desire to allow formalities to stand in the way of opening negotiations and are considering measures to reassure French settlers that their interests would be respected in an Algerian republic. [Some members of De Gaulle's entourage feel that Premier Debré may break with De Gaulle over the decision to enter into full negotiations.]

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Morocco-USSR: [Morocco and the Soviet Union are reported in disagreement as to the terms for delivery of the 14 jet aircraft which, according to a 15 November Moroccan communiqué, are a gift of the USSR.]

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[King Mohamed V has refused to accept the Soviet technicians which Moscow insists shall accompany these planes. Both the King and the crown prince have told the American ambassador that Soviet military pilots and technicians would not be accepted in Morocco. The USSR probably would not risk jeopardizing the political benefits of the gift of these aircraft.]

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Recent developments indicate that the USSR is completing preparations for launching a space vehicle from Tyura Tam, probably within the next several days. It appears most likely that this operation will involve an attempt to launch and recover an earth satellite vehicle (ESV).

Missile range instrumentation ships, which have previously operated in connection with Soviet missile tests in the Pacific, are now in positions similar to those assumed for the space-related activities in September and October 1960. This disposition suggests that the USSR will again undertake to achieve the objectives of the launches on 10 and 14 October when the vehicles failed to orbit. In view of the Soviet record with Sputnik recoveries in 1960--one success and two failures--it is not believed that an ESV operation now would involve a human passenger.

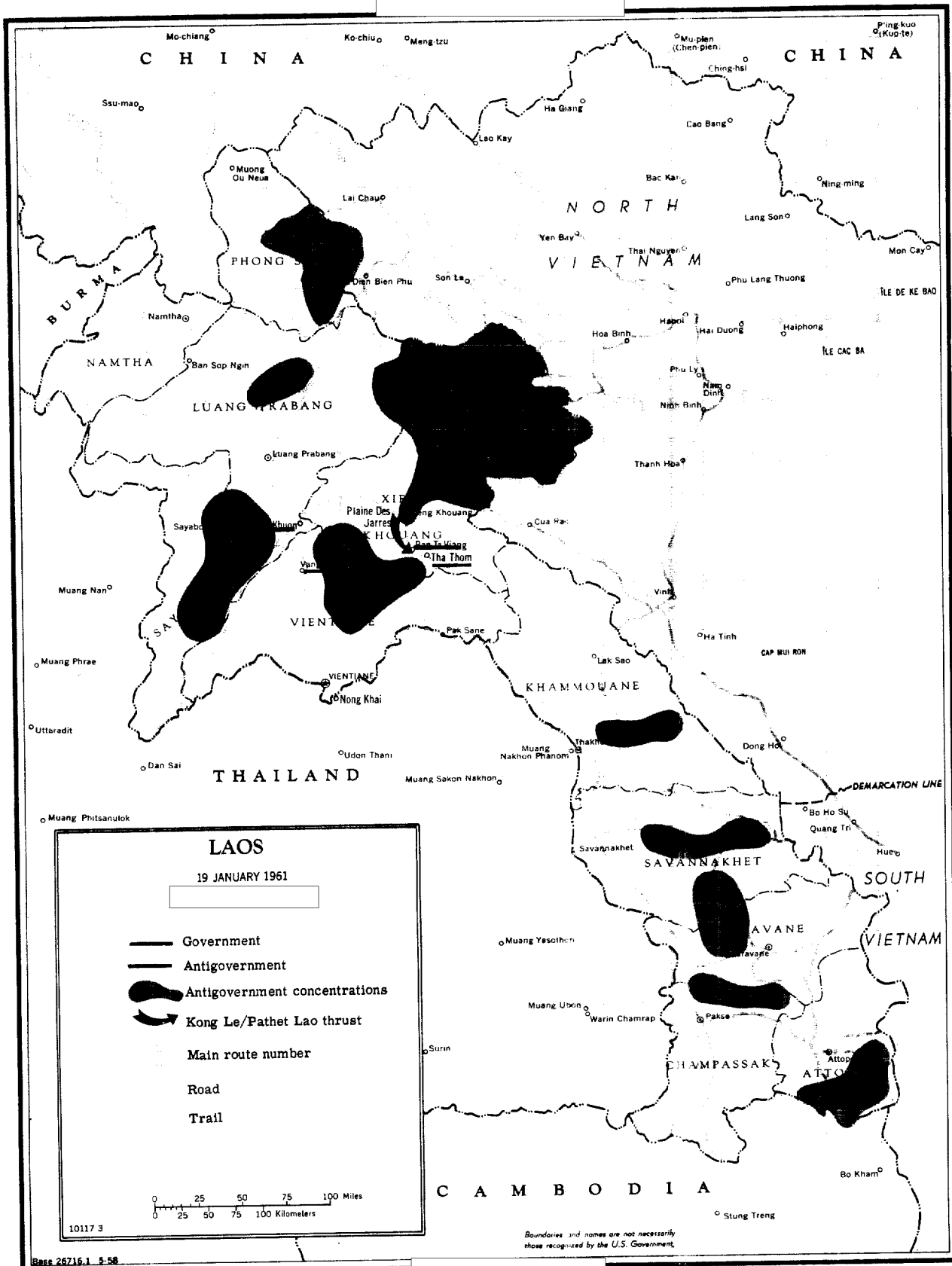
The recent departure from Conakry and movement into the Gulf of Guinea of the Soviet ship Dolinsk, which has been circumstantially associated with several recent ESV launchings, may also indicate impending operations. The Dolinsk is in a position, not far from its location at the time of these earlier operations, which is suitable for the monitoring of certain space orbits.

The Soviet high-frequency direction-finding organization KRUG is now conducting exercises of the type noted in past satellite-recovery operations to test its capabilities to locate the re-entry capsule. [REDACTED]

[REDACTED]

[REDACTED]

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### The Situation in Laos

[Government forces on 17/18 January withdrew from Phou Khoun, which commands the vital junction between the Vientiane - Luang Prabang road and Route 7 leading eastward toward Xieng Khouang Province, following an artillery-supported attack by Kong Le - Pathet Lao forces. As in most engagements in recent weeks, artillery fire from enemy 105-mm. howitzers and mortars apparently was the decisive factor in the loss of Phou Khoun. General Phoumi will probably send reinforcements to the area in an effort to retake this important position, control of which is the key both to any government drive eastward against the Plaine des Jarres and to the defense of Luang Prabang and Vientiane against attacks by the strong Kong Le - Pathet Lao force in the Plaine des Jarres area.]

Forty miles to the south, Pathet Lao counterattacks are making it difficult for government forces to consolidate their control over the Vang Vieng area. Even if government troops should clear this area and resume their advance northward, they must proceed through territory in which the Pathet Lao have always been strong before they can join in an attempt to retake Phou Khoun.

In Xieng Khouang Province government commanders in the Tha Thom area, judging by their statements to the press, seem resigned to fighting a war of guerrilla attrition against what they describe as numerically superior antigovernment forces. Although Tha Thom still appears to be in government hands, the local commanders give little indication of being prepared to make a strong defensive stand there.

Fourteen of the 18 Soviet LI-2s have arrived at Hanoi; the remaining four departed from Peiping en route to Hanoi on 19 January. The arrival of the last contingent of 4 LI-2s will bring to at least 37 the number of Soviet aircraft in North Vietnam. These will include 18 LI-2s, 10 IL-14s, 5 MI-4 helicopters, and 4--possibly 5--MI-1 helicopters. The North Vietnamese

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are operating 4 IL-14s, 3 IL-2s, 4 AN-2s, and 2 MI-4 helicopters. Seven sorties by Soviet IL-14s from Hanoi into Laos were confirmed on 17 January. [redacted]

[redacted] the USSR was obliged to deal with two fronts in Laos. the West on one side and the Chinese on the other. [redacted] the northern border of Laos was impossible to control and that the USSR itself could not be sure of what is going on there. [redacted]

[redacted] it was better for the United States to have the USSR than the Chinese Communists "on the other side of the intervention game." [redacted]

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Filipinos Concerned Over Inadequacy of SEATO

[Redacted]  
[Philippine Foreign Minister Serrano has expressed deep concern to an American Embassy officer over the weakening of the SEATO alliance, which he tends to blame on British and French attitudes, particularly with regard to the Laotian crisis. According to Serrano, his principal reasons for calling the conference of foreign ministers from South Korea, South Vietnam, and Nationalist China, which opened in Manila on 18 January, were SEATO's apparent inability to act in the Laotian situation and the need to exchange views with non-Communist neighbors and to indicate support for the American position.]

[Reiterating firm Philippine support for the role now played by the United States in the Far East, Serrano emphasized his fear that any indications of wavering would have wide repercussions. He expressed the belief that the British and French were motivated by a desire to reduce their own commitments toward SEATO and weaken American influence in the area by encouraging neutralism. He also voiced fear that Pakistan might be wavering in its attitude toward SEATO. Serrano asserted that a continuation of the present trend in the organization might force the Philippines to reappraise its policy toward SEATO.]

[Serrano has indicated a long-standing desire to forge closer ties with non-Communist Asian neighbors within the framework of firm American defense commitments in the area. Although Serrano may be partly motivated by his desire to gain personal political credit for Philippine initiatives, there have been several previous efforts to organize top-level consultations, sparked partly by the desire of South Korea and Nationalist China for greater regional anti-Communist unity. Neither Thailand, which shares current Philippine disillusionment with SEATO, nor Pakistan accepted invitations to the Manila meeting, but Serrano apparently envisages subsequent bilateral talks with those governments and with Malaya.]

[American ambassador Johnson in Bangkok reports SEATO morale to be "at low ebb," and fears that the organization may be "fatally discredited" unless it can soon persuade its Asian members that it is able to take some meaningful action with regard to the Laotian crisis.] [Redacted]

[Redacted]

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Negotiations for Meeting of De Gaulle With Ferhat Abbas  
Reported Under Way

[redacted] immediately after the 6-8 January referendum vote on his Algerian policy, De Gaulle issued instructions that steps be taken immediately--through well-established links between the French Government and the Provisional Algerian Government (PAG)--to pave the way for direct negotiations between himself and rebel representatives. De Gaulle's willingness in principle to meet PAG premier Ferhat Abbas was conveyed to the rebels, and Abbas agreed. Negotiations are now under way to determine the time and place. De Gaulle, who waived his preference for Paris, offered to meet Abbas "anywhere in French territory" but balked at Abbas' insistence on Geneva. Within the French President's official staff it is estimated that meetings would begin during the first week of March. Consideration is also being given to inviting to the proposed meeting Mohammed Ben Bella--the rebel deputy premier whom the French captured and imprisoned five years ago--and Messali Hadj, leader of the moderate and rival Algerian Nationalist Movement, who resides in France under police protection. Members of De Gaulle's staff foresee difficulty, however, in inducing the PAG to accept Messali. The French do not intend that Ben Bella and Messali should be present at more than the preliminary and final sessions.)

Rebel Minister of Information Yazid told the US Embassy in Tunis on 17 January that the PAG is willing to meet French representatives without any preconditions or agenda.

Yazid asserted that the PAG had no desire to let formalities stand in the way of opening negotiations, and was considering means of reassuring French residents in Algeria that their interests would be respected in an Algerian republic. The provisional government probably feels that its position has been strengthened by the willingness of Algerian Moslems to accord it open support and by the massive abstention by urban Moslems in the recent referendum.

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[Several members of De Gaulle's entourage reportedly have reservations as to his approach. Their apprehensions are shared by leaders of the recently outlawed rightist Front for French Algeria, by certain senior army elements, and by some members of the Delegation General in Algiers. These groups fear that the PAG, feeling that Paris will try to present a negotiated settlement as a rebel capitulation, will take countermeasures to convert it into a rebel victory. They argue that this could be done by resumption of intensive terrorism and by a rebel offensive from non-Algerian bases, once De Gaulle gets too involved in negotiations to withdraw. Within De Gaulle's staff it is considered probable that Premier Debré may object so vigorously to full negotiations with the rebels that he will resign or be removed from office.]

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Salvadoran Junta Under Military Pressure Announces  
Anti-Communist Measures

The Salvadoran armed forces evidently presented the provisional six-man civil-military junta with an ultimatum on 16 January demanding the immediate curtailment of Communist and pro-Castro activity in El Salvador. The junta apparently has yielded, at least for the moment, to the military pressure. Col. Castillo Navarrete, the minister of defense, who was reported earlier this week to have army backing for a coup if necessary to quell the Communists, told US Embassy officers on 17 January that he and a number of other officers had spent 16 hours with the junta the previous day discussing measures for controlling the Communists.

On 17 January, the junta issued a strong public warning that it is prepared to counter Communist activity. Col. Castillo Navarrete told the US officials that a series of decrees will be issued soon providing legal basis for taking action--including jail sentences--against extremist and subversive activity. The junta already has announced the recall of its ambassador in Havana. No decision to sever relations completely at this time was made, according to Col. Castillo Navarrete, since that action could best be realized through joint action within the Organization of American States.

Although Castillo Navarrete expressed criticism last month of US assistance programs in Latin America and told a group of American officials that his government intended to replace US advisers to the National Police Force with Chileans or Italians or both, he stated on the 17th that he had decided after reconsideration that US experts were needed and that his government would soon request US assistance for the security forces.

The junta will probably encounter difficulties, however, in carrying out its anti-Communist measures. The pro-Communist and Castro sympathizers who have already deeply infiltrated the

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provisional government at all levels have demonstrated adeptness in legal maneuvering to achieve their ends; they are also likely to organize student protest demonstrations. If the junta is unable to control the extremists, the armed forces may oust the junta and set up a totally military regime to rule until elections can be held.



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## Chile May Approve Sale of Copper to USSR

The conservative Chilean government headed by President Jorge Alessandri appears ready to approve a five-year contract for annual sales to the USSR of 60,000 tons of semifinished copper products--about 10 percent of Chile's total production. The price is to be no lower than the London Metals Exchange monthly settlement figure for the month in which shipment is made. Payments are to be made in US dollars or convertible sterling. The contract will be subject to yearly renewal by the Chilean Government.

Chile has not accepted past Soviet or Chinese Communist offers to take copper, partly at least because past offers involved barter arrangements. In addition, about 90 percent of its copper comes from US-owned mining companies. This offer, however, seems more likely to be accepted for several reasons. World copper prices have declined steadily since last October, and Chile badly needs to increase its supply of dollars and foreign exchange. A sale of 60,000 tons is worth about \$35 million at present London Metals Exchange prices --a sum almost equal to Chile's \$40 million balance-of-payments deficit in 1960. With congressional elections only six weeks away, leftist political leaders would exploit a refusal to sell copper, which accounts for about 60 percent of Chile's foreign exchange and over 50 percent of its tax revenue.

Furthermore, the USSR has recently increased its efforts to formalize commercial relations with Chile, in order to obtain an additional source of copper, which usually is in short supply in the bloc. However, Chile has not heretofore made any direct sale of copper to the USSR. Bloc countries have bought some Chilean copper through West Germany. In recent years trade with the USSR has accounted for less than one percent of Chile's total trade. Chile has no diplomatic relations with the bloc, but Czech and Hungarian trade missions are in Santiago.

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