

15 December 1960



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Southeast Asia

- NIE 61-60, "The Outlook for Burma," 12 April 1960.
NIE 67-59, "Cambodia's International Orientation," 26 May 1959.
SNIE 68-60, "The Situation and Short-Term Outlook in Laos, 6 December 1960.
NIE 64-58, "The Federation of Malaya," 14 January 1958.
NIE 69-59, "Singapore-Problems and Prospects," 20 October 1959.
SNIE 63.1-60, "Short-Term Trends in South Vietnam," 23 August 1960.
NIE 63-59, "Prospects for North and South Vietnam," 26 May 1959.
NIE 62-58, "Thailand," 19 August 1958.
NIE 13-60, "Communist China," 6 December 1960, contains material on relations between Communist China and Southeast Asia.

BURMA

Attacks by either Burmese or Chinese Communist units are reported to have forced Chinese Nationalist irregulars to abandon nine outposts in the eastern Burma border area. These irregulars, ineffective except as local bandits, have been resupplied over the past year by air from Taiwan. The current action against the irregulars could exacerbate Burma's relations with the US because Burmese leaders believe the irregulars could not be sustained without American approval. (CIA Weekly, 15 Dec., S-Nofofn)

Burma has concluded an agreement to sell Communist China 300,000 to 400,000 tons of rice in 1961, or 15 to 20% of its exportable rice surplus. This is the most significant development in Burma's trade relations with the Bloc since the termination of its trade agreement with Communist China in 1957 and the gradual elimination of its barter arrangements with other Bloc countries. Also, in order to meet its immediate needs, Communist China has requested from Burma 10,000 tons more rice from the 1960 crop. (CIA Economic Activities, 7 Nov.; CIA Desk Officer, 14 Dec., Unc)

The Burmese government has allowed the departure of a TASS representative accused of criminal libel, without standing trial. The case has been a source of constant irritation to Soviet-Burmese relations over the past 20 months. The Soviet embassy's machinations and disregard for Burmese law in this case, however, will continue as a sore point in Burmese-Soviet relations. (CIA Daily, 10 Nov.; CIA Desk Officer, 14 Dec., U)

The Burma Five Star Shipping Line, sponsored by the Burmese Army, may be denied transit of the Suez Canal because of suspicion that an Israeli firm is part owner in the concern. However, action has been suspended pending the arrival of a Burmese military delegation, scheduled to visit Cairo in December. The government hopes this group will be able to convince the Arabs of the purely Burmese character of the shipping concern. (CIA Daily, 10 Nov., S-Nofofn; CIA Desk Officer, 14 Dec.)

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CAMBODIA

The communique published in Moscow on 3 December following discussions there between Prince Sihanouk and Premier Khrushchev reaffirmed Cambodian support of a number of Soviet positions, including those on disarmament, the admission of Communist China and Mongolia to the UN, and modification of the UN structure. The communique also indicates that the USSR responded favorably to Sihanouk's overtures for increased economic assistance. Sihanouk's acceptance of Moscow's offer to construct a technical school in Cambodia as a gift is the clearest indication of his newest swing away from the West. Negotiations for an American-built institute were under way at the time the Moscow communique was issued. Sihanouk will probably play up domestically the USSR's response to his overtures and may make similar requests for assistance, including aid for his proposed Phnom Penh-Sihanoukville railroad, during his scheduled visit to Peiping.

(CIA Weekly, 8 Dec., C)

Sihanouk appears dissatisfied with his reception in the US and Western Europe, and is also expected to be disappointed with the limited response of the US to Cambodia's request for increased military aid. However, no major change in Cambodia's neutral foreign policy is anticipated. Sihanouk reportedly considers it impolitic to accept Communist bloc military aid as long as he is able to obtain Cambodia's needs from the French and US governments.

(CIA Daily, 29 Nov., S; CIA Desk Officer, 14 Dec.)

For the first time, Communist China is purchasing 4,200 tons of rice from Cambodia. (CIA Economic Activities, 7 Nov., S; CIA Desk Officer, 14 Dec.)

LAOS

Background to Laotian Politics: Politics in Laos is primarily a struggle for power between shifting coalitions of the national elite, which is composed principally of members of the nation's aristocratic families. The adjustment of this elite to the concept of national unity and to the constitutional machinery imported after World War II is so tentative that the seizure of Vientiane by a single battalion last August has fragmented the country along traditional dividing lines. The substance of Laotian politics remains quasi-feudal, centering primarily on issues of personality, region, and family. Differences over alternative policy choices exist, but they are frequently subordinated to, or colored by, the more traditional political concerns. The Communist-dominated Pathet Lao, using mass organizational techniques, is challenging the older political order and in the present crisis is emerging as the strongest, nationwide political force. (CIA Weekly, 9 Nov., C-Noform)

Situation as of early 15 December: General Phoumi's troops appear to have regained control of a substantial portion of Vientiane after suffering a repulse on the morning of 14 December. Their further advance, however, is being hampered by pockets of resistance in the city and by artillery fire. The airport, a few miles northwest of the city, was still in Kong Le's hands late on

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14 December, but Phoumi claimed to have it under fire and was planning an early attempt to take it.

The bloc's supply of arms and its propaganda indicate that it is determined to heighten international alarm with the intention of converting this into pressure for a settlement that would put Communists into the Laotian government. The 13 December Soviet note charging the US with "direct interference" detailed a list of military equipment Phoumi allegedly received from the US, suggesting that the USSR is laying the groundwork for any subsequent diplomatic action such as reactivation of the ICC or UN consideration of the crisis. (CIA Daily, 15 Dec., S-Noforn)

SINGAPORE

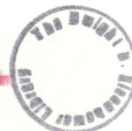
Consul General Singapore believes the US has a possibly unique opportunity to introduce a limited number of US technicians in such fields as international commercial policy, small industry, or engineering. Such limited assistance is not only greatly needed in Singapore, but it would greatly enhance the US position there in view of the extraordinary political evolution taking place in Prime Minister Lee Kuan Yew's own mind as well as some of his advisors. The Consul General has little doubt that there has been a strange but gratifying development in the Prime Minister's orientation toward the Free World. Even a small gesture on the part of the US might prove to be of great significance. (ICA Daily, 2 Dec., C; CIA Desk Officer, 14 Dec.)

In 19 months in office, the moderate leaders of the People's Action party government appear to have lost ground in their struggle with pro-Communist extremists within the party for dominance of the politically potent trade union movement. Leaders subject to Communist influence now are estimated to control 50,000 to 60,000 of Singapore's 150,000 organized workers, and they may ultimately dominate the Singapore Trades Union Congress, the grouping conceived by the government as its principal instrument for exercising control over labor. (CIA Desk Officer, 14 Dec., C)

The government is sending the Parliamentary Secretary to the Prime Minister and three others to Israel for a course in youth leadership. Singapore has been interested in Israeli "nation-building" for a long time and evidently considers it a non-controversial locale for such training. (Weeka 8 Dec., LOU; CIA Desk Officer, 14 Dec.)

SOUTH VIETNAM

President Diem has professed concern over reports that North Vietnam may be preparing overt aggression against South Vietnam or Laos. He has decided to mobilize additional troops possibly to emphasize continued priority of security needs, and has requested American support for an increase in the troop ceiling from 150,000 to 170,000. The bombing on 4 December of the Saigon golf course clubhouse--a site frequented by Americans--suggests



that the Communists may plan to increase acts of terrorism in the South Vietnamese capital and possibly to direct them against American personnel. (CIA Weekly, 8 Dec., S-Noform)

Diem is under pressure to punish the instigators of the abortive coup of 10-11 November staged by paratroop elements concerned over his ineffectiveness in dealing with Communist guerrilla warfare. It remains uncertain whether he will now take the necessary steps to liberalize his regime sufficiently to rally popular support. The attempted revolt apparently took the Vietnamese Communists by surprise; Communist propaganda has portrayed it as a conflict between pro-American groups. (CIA Weekly, 17 Nov., C-Noform; CIA Desk Officer, 14 Dec.)

Much of the Viet-Cong (Communist guerrilla) activity during the last year has been directed against the economic successes in the country, such as destroying dredging and agricultural equipment and terrorizing the farmers. Lately they have also started blocking improvements in the social fields, such as burning elementary school buildings. The Viet-Cong have now turned against the malaria eradication program, and WHO is questioning the advisability of continuing it. (ICA Daily, 22 Nov., C; CIA Desk Officer, 14 Dec.)

THAILAND

Soviet Ambassador Nikolayev met with Thai Marshal Sarit in Bangkok on 22 November in a follow-up discussion to their first meeting on 31 October in which Sarit responded favorably to proposals for an improvement in Soviet-Thai relations. The more recent discussion apparently centered on the necessity to expand trade relations between the two countries, although no agreement was announced. The Prime Minister studied and currently is rejecting the Soviet request to start showing movies in Thailand as part of the renewed cultural relations between the two countries. Thailand is willing to accept artistic troupes but not movies. Should the Thai government's discontent in its association with the US continue, Thailand might ultimately move toward a more neutral position. (CIA Daily, 1 Dec.; Weeks 10 Dec.; CIA Desk Officer, 14 Dec., C)

Some improvement in joint Thai-Malayan operations against Communist terrorists inside the Thai border appears likely as a result of the 16-20 November visit to Malaya of the Thai Minister of Interior. Federation officials tried to demonstrate the scope of the problem in the hope of modifying the Thai tendency to view the terrorists as primarily a Malayan problem. There are less than 600 terrorists remaining on the Malayan Peninsula, nearly all of them in Thailand along the Malayan border. (CIA Daily, 30 Nov., S-Noform; CIA Desk Officer, 14 Dec.)