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CENTRAL INTELLIGENCE BULLETIN



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State Department review completed

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Next 1 Page(s) In Document Exempt

CENTRAL INTELLIGENCE BULLETIN

7 January 1960

DAILY BRIEF

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I. THE COMMUNIST BLOC

USSR: Khrushchev may use the Supreme Soviet session beginning on 14 January as an occasion to elaborate on his New Year's Eve hints that if disarmament negotiations do not yield results, the USSR might cut its conventional forces and rely on missiles for defense. The Iranian ambassador in Moscow has gained the impression during recent conversations with top Soviet officials, including Khrushchev, that the USSR is considering some dramatic gesture prior to the summit meeting; the ambassador speculates that this may take the form of a unilateral reduction in conventional forces.

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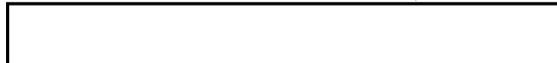
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*Yugoslavia - Soviet Bloc: Yugoslav politburo member and trade union leader Svetozar Vukmanovic-Tempo, during his current visit to Moscow at the invitation of the Soviet Trade Union Council, probably will discuss outstanding irritants in Belgrade's state relations with the Soviet bloc. This visit, the first trip to the USSR by a high Yugoslav official since November 1957, is the latest and most important in a series of discussions at various levels in Belgrade and Moscow which started last fall. The USSR, in response to probing by Tempo, probably will suggest steps aimed at settling certain outstanding questions with Belgrade in an effort to gain greater Yugoslav support for Soviet foreign policy aims.

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Although no basic ideological differences are likely to be resolved, Khrushchev's increasing willingness to pursue policies with which the Chinese Communists are in disagreement--the Chinese were in part responsible for the worsening of Soviet-Yugoslav relations in 1958--has made it possible for him to move toward more cordial government relations with Belgrade in the last six months. [redacted]

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USSR-Guinea: The appointment of a leading specialist on the Middle East, D. S. Solod, as the new Soviet ambassador to Guinea reflects the importance the USSR attaches to the bloc's extensive ties with Guinea as a model for other new African states. Solod, who has most recently served as deputy chief of the Near East desk of the Soviet Foreign Ministry and was previously ambassador to Cairo, replaces P. I. Gerasimov, whose transfer is reportedly due to poor health. [redacted]

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Communist China-Indonesia: [The Chinese Communists apparently have decided to try a conciliatory approach toward Indonesia, probably calculating that a continuation of their obviously unsuccessful tough tactics would permanently impair relations with Djakarta. Indonesian Foreign Minister Subandrio states that the Chinese ambassador appealed to him on 31 December to start the new year with a "fresh page" and to "let bygones be bygones."] [redacted]

NO

[Subandrio believes that Peiping is anxious to "patch things up" with Djakarta before Khrushchev's visit to Indonesia, which now is set for 18 February to 2 March. Indonesia may agree to lift its restrictions on Chinese Communist Embassy personnel, as requested by the Chinese ambassador, but is proceeding to implement its ban against alien traders in rural areas.] [redacted]

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II. ASIA-AFRICA



Afghanistan-Pakistan: [Afghan Foreign Minister Naim has reconsidered his decision to cancel his visit to Pakistan. Despite the presently strained relations between the two countries, Naim, according to the Pakistani ambassador in Kabul, stated on 4 January that he will visit Pakistan for two to four days beginning 10 January. Naim's primary objective probably will be to secure recognition of Kabul's interest in the fate of the Pushtoon tribes living in Pakistan. If Ayub makes a favorable impression on Naim, Afghan leaders, who in the past have responded to the force of personalities, may moderate their propaganda attacks on Pakistan.] [redacted]

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Watch Committee Conclusions: [The following developments are susceptible of direct exploitation by Soviet/Communist hostile action which could jeopardize the security of the US in the immediate future:] [redacted]

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[In Iraq, the influence of the Communists continues to disturb Nationalist elements, and a desperate attempt to assassinate Qasim could occur at any time.] [redacted]

NO

[In Laos, the militantly anti-Communist young reformists (CDNI) have gained the ascendancy through the resignation of the Phoui government and temporary assumption of control by the army. Despite the fact that the CDNI disclaims any intention to make radical changes in policy, a harder line toward the Communists is possible. This may in turn stimulate Communists both at home and abroad to take counter-measures, perhaps including intensified guerrilla activity.] [redacted]

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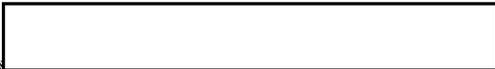
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Laos: [The King has named Nhouy Abhay, an elderly politician who has been in eclipse for the past few years, to form a provisional government. Nhouy has presented the King with a cabinet list including some members of the CDNI, old-guard politicians, and independents. The army may object to this proposal as it includes only one of the five generals who have been in control of the government since the resignation of the Phoui cabinet.]

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Iran-Iraq: [Direct talks between the foreign ministers of Iran and Iraq may be held shortly on the Shatt al Arab controversy. If direct talks fail--and there still appears to be little willingness to compromise--the issue may well be referred to the UN or the International Court. Accordingly, the danger of any Iranian-Iraqi military involvement now appears remote.]

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Libya: Demands for more revenues for Libya from its oil resources seem likely to become a major theme in the current political campaigning for the 17 January elections to the Libyan House of Deputies. As more and more successful oil wells have been brought in--16 of those drilled to date are of commercial importance and three of them compare favorably with the best in the Middle East--Libyan officials have already begun to press the Western oil companies for larger and quicker revenues than provided for in the national petroleum law.

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III. THE WEST

Britain-Cyprus: [Britain's invitation to Greek, Turkish, and Cypriot leaders to a conference in London beginning 15 January on the still unresolved issue of the size of British bases represents a last-ditch effort to achieve independence for Cyprus on 19 February as scheduled. Quick agreement is required to allow time to pass the enabling legislation through the British Parliament, which reconvenes on 26]

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[January. The parties are also not yet agreed on arrangements for British training facilities outside the base areas.]

[Redacted]

Cuba: The Castro government is making a strong effort to assume a position of leadership among neutralist, underdeveloped countries by promoting a conference of such nations in Havana in mid-1960. Four teams of Cuban economists and diplomats, one led by Foreign Minister Raul Roa, are visiting "underindustrialized" Mediterranean, Asian, African, and Latin American countries this month to discuss a proposed agenda.

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I. THE COMMUNIST BLOC

Khrushchev May Elaborate on Soviet Troop Reductions

Khrushchev may use the Supreme Soviet session beginning on 14 January as an occasion to elaborate on his remarks regarding the possibility of cuts in Soviet troop strength. The Swedish ambassador in Moscow has learned from a Soviet source that a major foreign policy statement will be made during the meeting, and the Iranian ambassador has gained the impression from conversations with Soviet officials--including Khrushchev--that some dramatic gesture is being considered prior to the summit.

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At a Kremlin reception on New Year's Eve, Khrushchev speculated on the possibility of a further unilateral reduction in Soviet forces. He posed the question whether the Soviet Union should not proceed unilaterally if the cold war forces seek "to drag us into the labyrinths of endless disputation," and he concluded that it might be "worthwhile" to reduce conventional forces and rely on rockets for defense. Since August 1955 the USSR has announced three troop reductions totaling 2,140,000 men. A formal announcement of further cuts would strengthen Moscow's position in pressing its proposal for universal disarmament, which Khrushchev apparently intends to make the central theme of the Soviet line prior to the East-West meeting. Any reduction of Soviet forces would be beneficial from the economic standpoint, as fewer males are reaching working and conscription age and economic plans require more manpower than is provided by the natural population increase.

The general trend of Soviet military thinking has been toward greater reliance on missiles and nuclear weapons in

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defense planning. [This was most recently reflected in Khrushchev's remarks to the Austrians in October that he had asked his military advisers for an estimate of the cost of shifting the Soviet military system from conventional armaments to missiles. He added that their estimate of 30 billion rubles would be cheaper than the cost of a system based on conventional weapons.]

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Khrushchev's remarks on reliance on missiles may also have been intended to underscore the USSR's achievements in modern weapons development. His statements were preceded by glowing references to advances in Soviet rocketry during 1959. [redacted]

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Yugoslavia to Discuss Differences With the USSR

Yugoslav politburo member and trade union leader Svetozar Vukmanovic-Tempo left Belgrade on 6 January with his family, ostensibly to take a vacation in the USSR at the invitation of the Soviet trade union organization. However, since Tempo has previously been used by the regime as a trouble shooter, it is likely that he will discuss outstanding irritants in the state relations between Yugoslavia and the Soviet bloc.

This trip marks the first visit to the USSR by a high Yugoslav official since party secretaries Rankovic and Kardelj attended the USSR's 40th anniversary celebration in November 1957. It was preceded by a series of talks in Moscow between the Yugoslav ambassador and Soviet officials, including Khrushchev, and in Belgrade between the Soviet ambassador and Tito.

Since Khrushchev's visit to Albania late last spring, the USSR has been gradually moving to improve government relations with the Yugoslavs--relations which have been bad since the spring of 1958. At that time the USSR, apparently in an effort to maintain bloc unity, allowed the Chinese Communists to take the lead in denouncing the Yugoslavs and probably was taken further in that direction than it originally had intended to go. In view of its developing differences with the Chinese Communists, Moscow apparently now has decided it is no longer compelled to consider Peiping's feelings in this matter.

It is probable that the USSR has indicated willingness to resolve some of the outstanding political and economic problems which have strained state relations. Canceled bloc credits to Yugoslavia, Belgrade's counterclaims for damages,

and an agreement to refrain from polemics will probably be discussed during Tempo's visit. Rumors of the defection to Belgrade of the Polish Air Force commanding general are completely unconfirmed. It is unlikely that Tempo would have gone to Moscow to discuss this subject even if the report were true.

Soviet leaders probably also hope to induce Yugoslavia to cooperate more fully with Soviet foreign policy aims, particularly bloc initiatives to set up a Balkan conference to discuss an atom-free zone in the area. No basic ideological differences are likely to be resolved.

In addition, the Yugoslavs are probably motivated by a fear that their role in international affairs will be significantly reduced by an East-West detente. By re-establishing high-level contacts with Moscow, Belgrade would hope to minimize any possible isolation. [REDACTED]

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New Soviet Ambassador to Guinea

The appointment of a leading specialist on the Middle East, D. S. Solod, as the new Soviet ambassador to Conakry reflects the importance the USSR attaches to the bloc's extensive ties with Guinea in expanding its influence in Africa. The USSR, Bulgaria, and Czechoslovakia maintain diplomatic missions in Conakry, and East Germany has a permanent trade representative there. On 31 December Peiping's ambassador presented his credentials. The USSR in recent months extended a \$35,000,000 economic development credit to Conakry. There are an estimated 150 bloc technicians in Guinea, and about 80 Guinean students are at bloc schools on medical, agricultural, and technical scholarships.

Moscow probably hopes to exploit these ties both as an inducement and a model for other newly independent African states--such as Ghana and Cameroun--and with those territories slated for independence this year--Togo, Somalia, Nigeria, and Mali. A Soviet New Year's message to Africa welcoming Cameroun's independence referred to the USSR's "selfless economic aid" to Guinea and other African countries and expressed readiness to extend "great help" to Africans in their "battle against colonialism." Soviet officials used President Touré's eight-day visit to the USSR in November to expound on Soviet policy toward emergent and underdeveloped countries as a whole and to portray Guinea as a "mirror to awakening Africa."

Solod, who has most recently served as deputy chief of the Near East desk of the Soviet Foreign Ministry and was previously ambassador to Cairo, replaces P. I. Gerasimov, who reportedly is being transferred because of poor health.

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Afghan Foreign Minister to Visit Pakistan



[Afghan Foreign Minister Naim, according to the Pakistani ambassador in Kabul, now has agreed to visit Pakistan for two to four days beginning 10 January.]

[In mid-December Naim had concluded from Pakistani President Ayub's speeches deprecating the Pushtoonistan dispute that little progress could be made on that issue, and had decided not to go to Pakistan. More recently the government-controlled Afghan press has attacked Pakistani press reports on the Kandahar riots, complaining that while the Pakistani authorities speak of friendship with Afghanistan they publish hostile propaganda.]

[Afghanistan's primary objective in any meeting at this time is probably to secure Pakistani recognition of the legitimacy of Kabul's interest in the Pushtoon tribes living in Pakistan. Recent Pakistani assurances that Ayub does not intend to rule out Pushtoonistan as a subject for discussion were probably instrumental in persuading Naim to agree to talks. In addition, Naim may hope to exploit what he considers a coordinated effort by the CENTO regional members-- Turkey, Iran, and Pakistan--to improve relations with Afghanistan. If Ayub makes a favorable impression on Naim, the Afghan Government may moderate its propaganda attacks on Pakistan.]



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Libya Increasing Demands on Oil Companies

As more oil wells are brought in, Libyan officials are beginning to press for larger revenues and probably will urge modifications in interpretation of the existing Libyan petroleum law to permit this. Campaign activity in connection with the 17 January elections to the Libyan House of Deputies can be expected to increase governmental pressures on the oil companies.

Thus far 16 commercially important wells have been drilled, and three of these have production potentials rivaling the best producers in the Middle East. The government now receives only modest payments from oil companies, chiefly in the form of "rental payments."

Several companies are planning pipeline construction, and actual work probably will get under way this year. The shortest and least costly route would terminate at the Mediterranean on the unpopulated southernmost shore of the Gulf of Sirte. Cyrenaican business and political interests may, however, seek a longer and more costly route ending in Bengasi--one of Libya's two capitals--and the construction of a deep-water port there to be financed by "voluntary royalty advances" from petroleum companies.

[At least one Libyan demand for increased payments is already being challenged by the oil firms in Libyan courts. Other demands on the Western companies call for financing the training of Libyans to replace foreign technicians, construction of unrealistically large oil refineries, and paying for social-welfare projects. Such demands have been anticipated, but they are being made considerably sooner than expected.]

Despite its call for accelerated revenue payments, Libya has not joined with other Arab oil-producing states in demanding abandonment of the 50-50 profit-sharing formula for existing concessions. It has, however, recently granted new concessions which in one case abandoned the 50-50 formula.

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III. THE WEST

Cuba Actively Pursuing Neutralist Foreign Policy

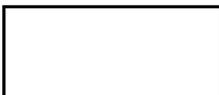
The Castro government is making a strong attempt to assume a position of leadership among underdeveloped, neutralist countries with which it is already strengthening trade and diplomatic relations. Foreign Minister Raul Roa has called for a conference of "underindustrialized" nations in Havana in mid-1960, claiming that its only purpose would be to unite efforts by these countries to achieve fulfillment of the UN Charter. Roa is on a trip to the UAR, Yugoslavia, Greece, Tunisia, and Morocco, and will discuss a proposed conference agenda with the governments of those countries.

Three other teams of Cuban economic and diplomatic representatives will visit Africa, Asia, and Latin America this month for exploratory talks. If official support for the Cuban project is not forthcoming, a conference of "leaders" of special-interest groups will probably be substituted.

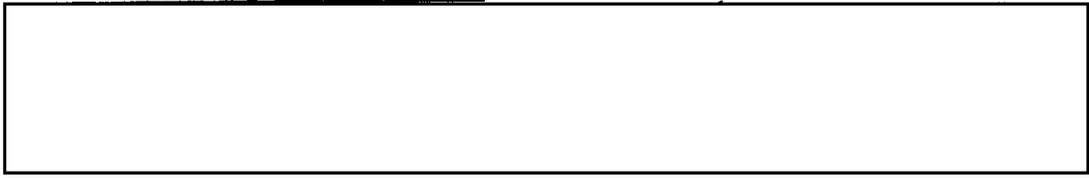
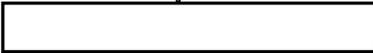
Castro's determination to follow a third-position foreign policy is consistent with his claim that the Cuban revolution is a "humanistic" middle path between capitalism and communism. Cuba's policies in the UN, OAS, and elsewhere, however, seem designed primarily to assert defiance of the US. The acting foreign minister's characterization on 5 January of the conference participants as "the hungry countries" indicates an intention to propagandize the moral and economic responsibilities of more fortunate countries, particularly the United States.

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[The Brazilian foreign minister said on 4 January that he felt such a conference would benefit only the Communists and that he hoped Latin American countries would not attend. Brazil believes its own Operation Pan America is Latin America's best hope for obtaining US economic aid and evidently fears Castro's activities threaten its success.]



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Chief of Staff, United States Air Force

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of Army

Director of Naval Intelligence, Department of Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of Commerce

The Secretary of Commerce

Federal Bureau of Investigation

The Director

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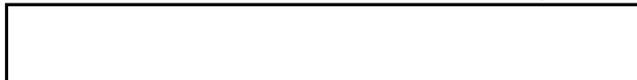
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