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16 April 1959

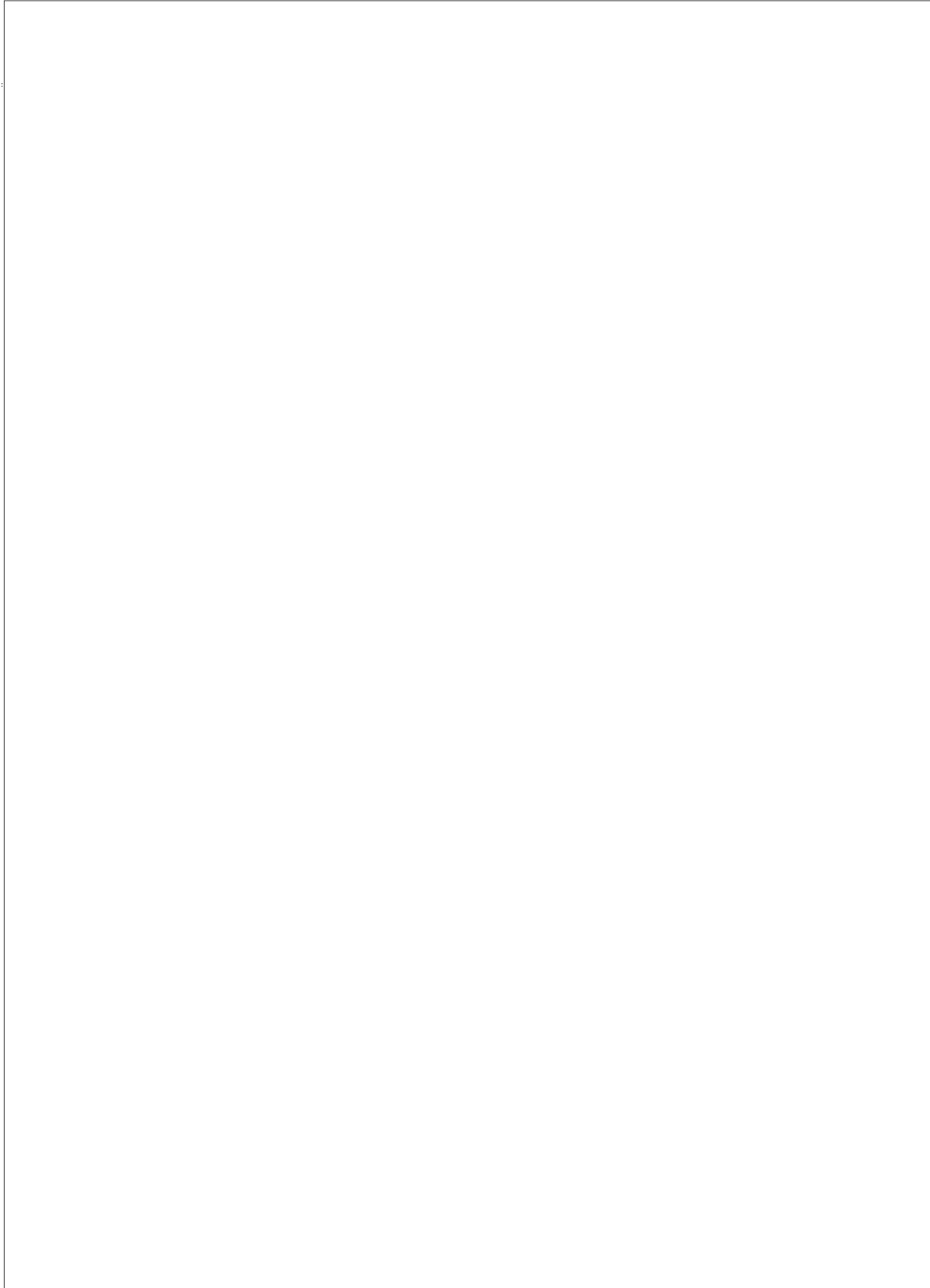
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# CENTRAL INTELLIGENCE BULLETIN



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16 APRIL 1959

**I. THE COMMUNIST BLOC**

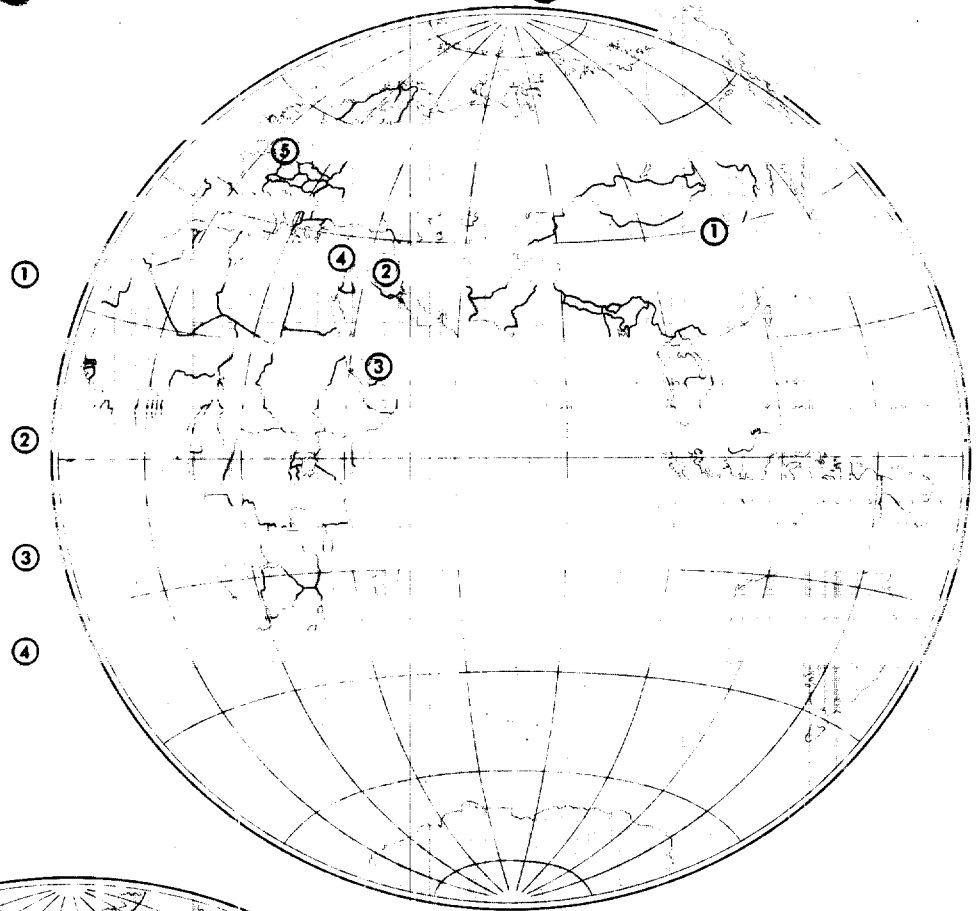
Ceylon and Communist China dead-locked in rice-rubber talks.

**II. ASIA-AFRICA**

Iraq - Pro-Communist officer named acting Deputy Chief of Staff for Operations.

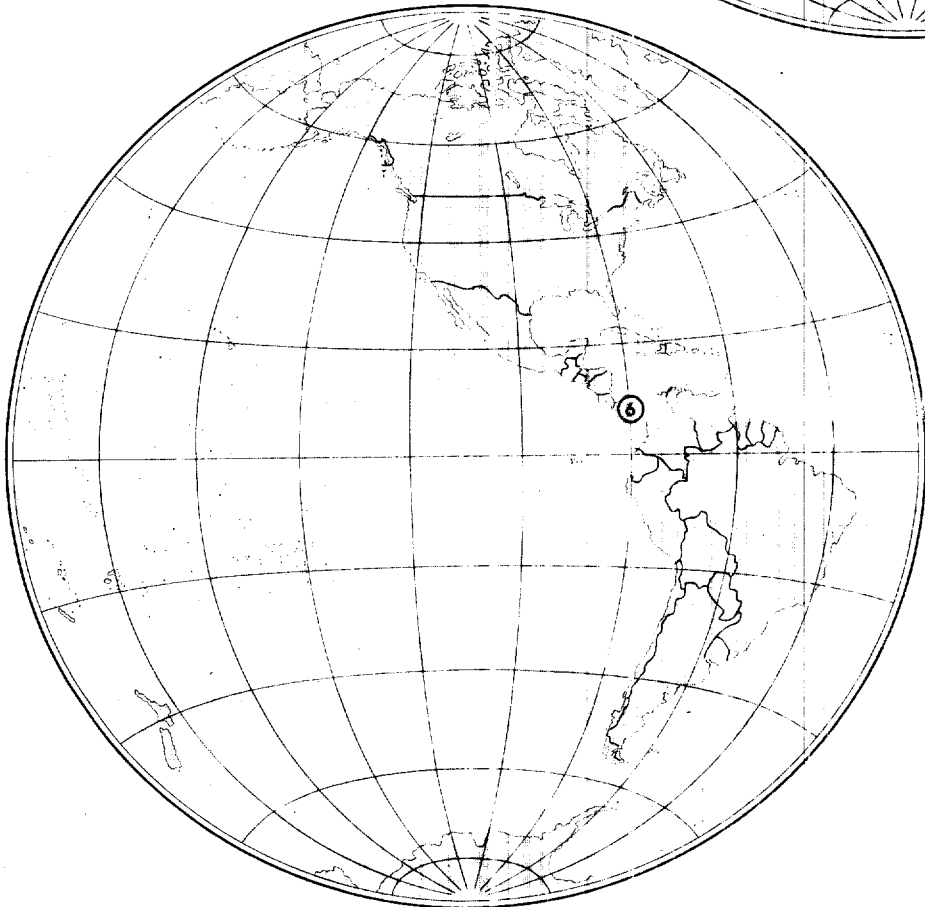
Yemen - Imam's departure for medical treatment in Italy delayed until at least 18 April; government taking precautions as instability threatens.

Turkey concerned by Makarios' political moves in Cyprus.



**III. THE WEST**

- ⑤ European Economic Community's five major airlines negotiating to form common airline pool.
- ⑥ Panama - Government alleges invasion planned by rebels from Cuba on 18 April; asks US to help intercept invaders.



## CENTRAL INTELLIGENCE BULLETIN

16 April 1959

## DAILY BRIEF

SIRAS

## I. THE COMMUNIST BLOC

Ceylon - Communist China: Ceylon and Communist China, in meetings at Peiping, are having difficulty reaching agreement on terms for their annual rice-rubber contract. Burma, a traditional supplier of rice to Ceylon, has a large surplus this year and could fill Colombo's needs in the event of a breakdown in Sino-Ceylonese talks. Ceylon could probably find other markets for the 30,000 tons of rubber per year called for under the second Sino-Ceylonese five-year barter agreement concluded in 1957. [redacted]

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OK

Watch Committee conclusion--Berlin: (No significant changes bearing on the possibility of hostilities.) [redacted]

No

## II. ASIA-AFRICA

Iraq: A pro-Communist Iraqi Army officer has been named acting Deputy Chief of Staff for Operations following the arrest of the officer who previously held that post. The appointment will serve to consolidate Communist influence in the army and to facilitate the transfer of non-Communist officers to unimportant posts. [redacted]

No

Yemen: Deputy Foreign Minister al-Amri has stated that the ailing Imam of Yemen's departure for treatment in Italy has been delayed until at least 18 April. (Al-Amri believes the Imam's condition and strong pressure from the Imam's relatives make his departure almost certain.) However, ambition and rivalry among the relatives add to the possibility of instability in the absence of the Imam, and maneuvering

No

may well be exploited by important tribal and army leaders who oppose Crown Prince Badr's succession as Imam. (The Yemeni government, in a further security precaution, reportedly has distributed rifles to the police and to members of the public presumed to be loyal.)

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*No*

Watch Committee conclusion--Middle East: (Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq. The situation in the area remains precarious, but a deliberate initiation of large-scale hostilities is unlikely in the immediate future.)

Iraq: (The Communists are progressively achieving control in Iraq, although for the present they may prefer not to move to take power in their own name.)

Turkey-Greece-Cyprus: The Turkish Government has advised Athens that it is uneasy over recent actions of Archbishop Makarios which the Turks believe depart from the "spirit of the London agreement,"

*No*

Athens in turn has reiterated earlier requests to its consul general in Nicosia to attempt to exert a moderating influence on Makarios. While Greece and Turkey continue to try to avoid controversy over Cyprus, antagonistic tendencies shown by Greek and Turkish Cypriots, and Makarios' recent concessions to EOKA, will increase the difficulty of working out the details of a viable independent Cyprus government.

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### III. THE WEST

*OK*

European Economic Community: The five major airlines of the European Economic Community are negotiating the possible formation of an airlines pool to be known as EUROPAIR. This would involve the sharing of revenues and expenses as well as close technical cooperation, joint sales and advertising, and rationalization of route operations. Another meeting is expected to take place in The Hague later this month.

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DAILY BRIEF

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Panama: (Top Panamanian officials are gravely concerned over a group of rebels reported due to land from Cuba on 18 April, and want the US to help in intercepting the two vessels. [redacted])

OK

[redacted] Repercussions of an invasion attempt, even if unsuccessful, could be serious for the unstable government, which is already troubled by other small revolutionary outbreaks.) [redacted] (Page 6)

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DAILY BRIEF

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## I. THE COMMUNIST BLO

Sino-Ceylonese Rice-Rubber Negotiations

Sino-Ceylonese rice-rubber negotiations, begun on 4 March, have not yet been concluded, primarily because of disagreement on the prices of rice and rubber to be exchanged during 1959 under the two countries' second five-year barter agreement. Continued delay could result either in a reduction of the amounts of rice and rubber to be exchanged or possibly in Ceylon's seeking alternative suppliers and buyers.

Ceylon made its first barter agreement with Communist China in 1952 to ensure a regular market for its rubber and an annual rice supply at a time when world supply of rice was low. When the second pact was negotiated in 1957 the situation had not improved sufficiently to enable Ceylon to quibble over prices. At present, however, abundant rice supplies in Asia and increased demand for rubber in Western markets apparently have convinced some Ceylonese officials that they can afford to drive a hard bargain. In the likely event that Peiping refuses to pay Colombo premium rubber prices, the Ceylonese Trade Ministry may attempt to lower the 30,000-ton annual minimum specified in the present five-year agreement with Communist China and to expand private rubber sales in Western markets. The corresponding reduction of rice imports from China could be offset by imports from Burma, one of Ceylon's principal suppliers. Burma has an estimated rice surplus of 2,200,000 tons which it must export relatively soon. Burma's high rice prices had stalled negotiations with Ceylon for a 1959 rice contract which would further lessen Colombo's reliance on its barter agreement with Communist China. (Rangoon now reportedly expects Colombo to buy a substantial amount of rice, however, and may be quoting a price acceptable to Ceylon)

While the Sino-Ceylonese agreement is not an economic necessity for Ceylon at present, Colombo is unlikely to cancel it without receiving assurances that long-term arrangements can be made elsewhere. Furthermore, Communist China has granted Ceylon \$15,750,000 and loaned it \$10,000,000 in economic aid, and the neutralist Bandaranaike government presumably does not wish to reduce the possibility of future Chinese Communist aid offers by appearing indifferent to its economic ties with Peiping.

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## II. ASIA-AFRICA

Yemen

Deputy Foreign Minister al-Amri has indicated that the Imam of Yemen's departure to Italy for treatment of the complications of drug addiction will be delayed until about 18 April because of the problem of obtaining air transportation, [redacted]

[redacted] Al-Amri passed through Jidda on 14 April en route to make arrangements for the Imam's stay in Italy. Al-Amri said that, although the Imam had appointed his son, Crown Prince Badr, to a four-man council which would rule during his absence abroad, a serious schism existed and there would be a very grave crisis if the Imam should die.

[redacted] (Before he left Yemen, Al-Amri said that the Imam's condition and the strong pressure from the Imam's relatives made it almost certain that the Imam would actually leave the country.) The ambition and rivalry among the Imam's relatives add to the likelihood of instability in the absence of the Imam, and the maneuvering will probably be exploited by the important tribal and army leaders who oppose Badr's succession as Imam if his father should die. (Prior to the Imam's relapse, signs of new anti-regime activity resulted in distribution of rifles to the police and to certain members of the public presumed to be loyal.)

[redacted] The Yemeni army in the southern capital of Taiz is reported displeased because it did not receive the traditional bonus during the holiday at the end of Ramadan. There are also indications of disaffection in the garrison in the northern capital of Sana. [redacted] the army commander in Sana had rejected an order, allegedly sent by a woman in the Imam's entourage without the Imam's knowledge,

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by which troops of the crown prince's bodyguard would have relieved local army units. The leaders in Sana and many areas in northern Yemen oppose the crown prince, and appear willing to obey only the Imam.

(While the Imam has long been addicted to drugs, his recent serious reaction reportedly resulted from his ability to obtain excessive quantities from his harem.)

Badr, immediately after his return from Cairo, [redacted] [redacted] made arrangements to send two Yemeni officials and Yemen's two principal commercial agents to Moscow "as soon as possible." Badr may want this mission to explore the possibility of additional Soviet advice and support. [redacted]

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Turkey Protests Makarios' Actions on Cyprus

The Turkish ambassador to Athens has told Konstantinos Tsatsos, the Greek cabinet member responsible for Cyprus affairs, that Ankara believes Archbishop Makarios has departed from the spirit of the Greek-Turkish-UK agreements by appointing former EOKA leaders to provisional cabinet posts, [redacted]

[redacted] The Turks have been shocked by the youthfulness and extremist background of those selected.

Makarios has also heightened Turkish apprehensions by his recent press statement denying that the London agreements provide for geographically separate Turkish municipalities, thereby greatly reducing the importance of Turkish municipal authorities. The Turkish ambassador urged Tsatsos to prevail on Makarios and the Greek Cypriots to accept separate municipalities.

Tsatsos directed the Greek consul general in Nicosia to take up this subject with Makarios. [redacted] Tsatsos had directed the consul general to attempt to influence Makarios toward policies which would result in a more cooperative Turkish attitude. [redacted]

[redacted]

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### III. THE WEST

#### Plans for European Civil Aviation Pool Make Progress

The five major airlines of the European Economic Community (EEC) are drawing up plans to pool their resources in a new organization to be known as EUROPAIR. Consisting of Air France, Sabena, KLM, Alitalia, and Lufthansa, EUROPAIR would involve a combination of ground services, standardization of aircraft fleets, joint bookings and sales, and consolidation of services and schedules within the EEC and abroad. Although short of an outright merger, close cooperation may extend to the sharing of revenue and expenses.

(Formation of EUROPAIR is in keeping with the trend toward business consolidation within the EEC and could strengthen the member airlines competitively on the major international routes, particularly the profitable North Atlantic run. EUROPAIR's members might also be in a strong position to concert their demands for additional landing rights in the United States, lack of which has long been one of their principal grievances.)

Allocation of shares between the well-established airlines like Air France and the relative newcomers like Lufthansa and Alitalia is reported to be the chief obstacle to an early agreement. KLM president Aler said after the recent meeting in Rome that while agreement had been reached on many points, a decision could not be expected for some time. (KLM's increased interest in the pool may reflect Dutch resentment over Britain's recent restrictions on that company's landing rights in Singapore.)

A fourth meeting of the five airlines is scheduled for late April in The Hague.

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Panamanian Officials Fear Invasion

(The unstable Panamanian Government, already disturbed by a series of scattered small uprisings, fears an invasion from Cuba on 18 April by opposition forces. Top officials, including the chief of the politically powerful national guard, evidently fear that a successful landing would encourage further revolutionary activity by numerous armed opposition groups and would lead to the fall of the De la Guardia government. They have asked the United States to intercept the two invasion ships. De la Guardia may also fear that the invasion would be used as a pretext for a preventive coup. Some leaders of the ruling oligarchy think his lack of forcefulness and political acumen have weakened their political and economic control and stimulated revolutionary plotting. They have been reported to be planning to replace him by a junta which would protect their interests.)

(Although there is no confirmation from sources in Cuba regarding the invasion, it may well be attempted. Ruben Miro, its leader, expects supporters in Panama City to cause "trouble" on 17 April and has asked former President Arnulfo Arias to assist by creating scattered disturbances and cutting telegraph lines in outlying provinces. He claims to have the support of the guard's second commandant, Saturnino Flores, who is believed to command great personal loyalty among the ranks. However, Miro is considered reckless and unstable and has previously made exaggerated claims of support. Neither Arias nor Flores is likely to act unless assured of success, and Arias would insist on leading any movement he joined.)

(The American Embassy in Panama City does not support President de la Guardia's recent claim that current dissident activities are Communist inspired. It is possible, however, that anti-US extremists and Communists would like to take advantage of the situation to provoke US intervention in Panama for its great propaganda potential.)

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