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21 January 1959

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CENTRAL INTELLIGENCE BULLETIN



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21 JANUARY 1959

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

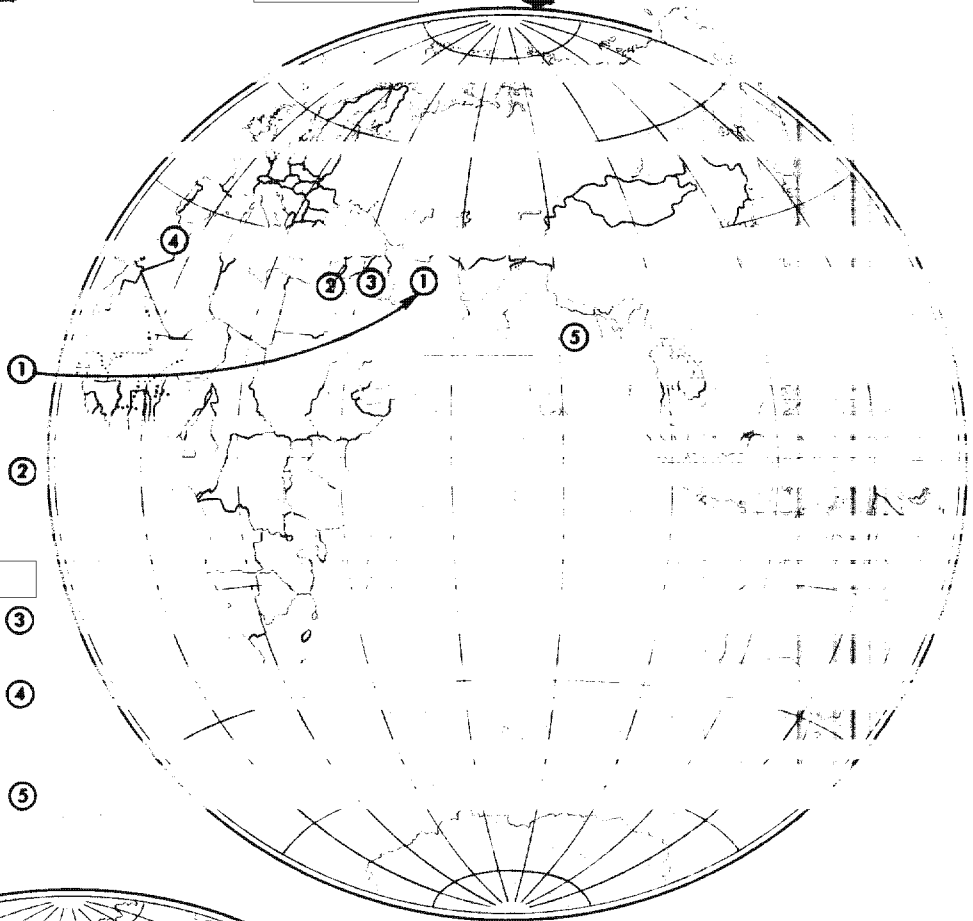
Iran - Shah apparently giving serious consideration to nonaggression pact with USSR precluding US-Iranian bilateral treaty.

Israelis caution against accommodation with Nasir to contain Communism in Iraq; feel Nasir is greater threat.

Iraq - Communists remove army posters publishing Qasim's restrictions on paramilitary forces. Qasim asks US friendship, help, and development aid.

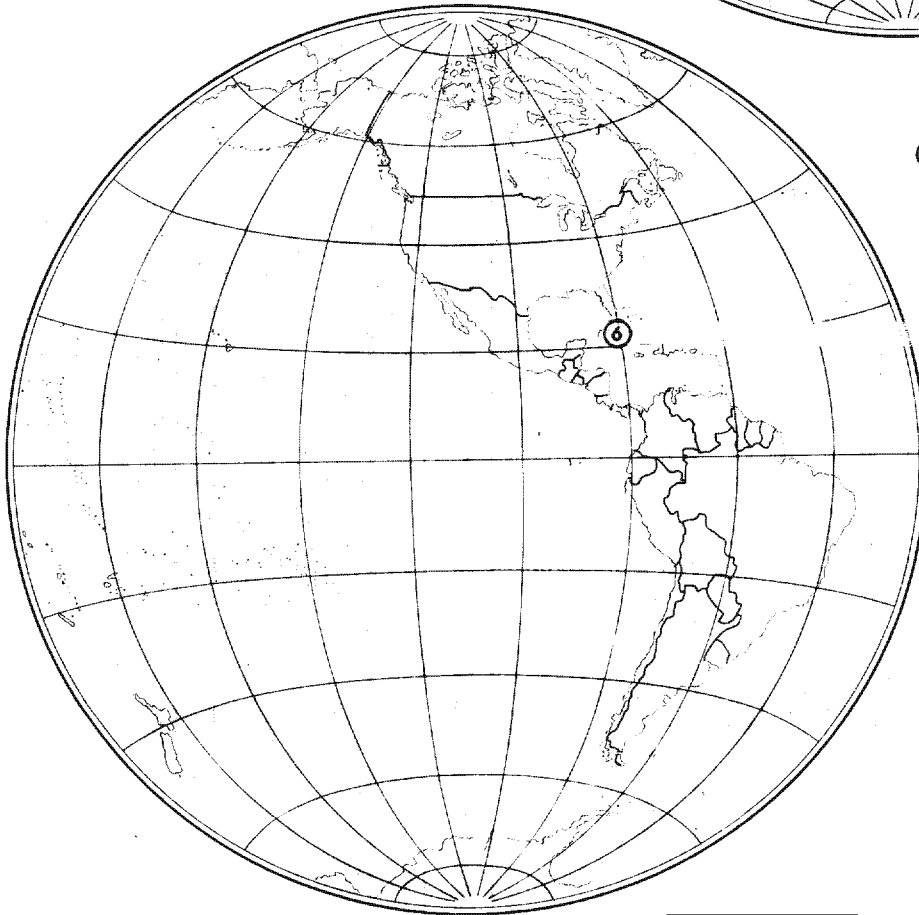
Morocco claims Berber dissidents receive Spanish arms, funds.

Indian cabinet plans to accept Soviet credit, equipment, and assistance to build and operate Assam refinery.



III. THE WEST

6 Cuba - Prime minister, dissatisfied with Castro's leadership, offers resignation.



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CENTRAL INTELLIGENCE BULLETIN

21 January 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

No Iran-USSR: [Iran is reported to be seriously considering signature of a long-term nonaggression pact with the USSR which would preclude signature of the pending bilateral defense agreement with the United States. Ambassador Wailes reported on 18 January that something "ominous" may be pending between Iran and the USSR.] (Page 1)

No Israel: [Tel Aviv is increasingly worried by what it regards as the possibility that the US and its Baghdad Pact allies will decide to support Nasir's efforts to secure Iraq from Communist control. The Israelis, whose greatest fear is a unified Arab world, continue to feel that the major threat in the Middle East is Nasir, not the Communists.] (Page 2)

No Iraq: Military police began last week to enforce parts of Prime Minister Qasim's order limiting the functions of the Communist-dominated Popular Resistance Force, local Communists have torn down copies of the order posted by army personnel.

[Qasim, in his first meeting with the new American ambassador, reiterated that he is determined to follow a "neutral" policy and that he wants American help and friendship. He said he hopes American contractors will continue to work]

[On Iraq's development program, and that the United States will buy Iraqi commodities. Qasim's remarks to the ambassador indicated, however, that he still believes the US is intriguing against him.] (Page 3)

OK

Morocco: [A Moroccan official claims the army has uncovered proof that dissident Berber tribes in northern Morocco are armed and financed from Spanish sources. Rabat may renew pressure for the evacuation of the 10,000 Spanish troops remaining in Morocco. Meanwhile, a hard core of armed Berber dissidents are attempting to deny reinforcements and supplies to Moroccan Army forces operating against them in the area.] (Page 5) (Map)

OK

India-USSR: The Indian cabinet, finding Western bids less favorable, has decided provisionally to accept a Soviet offer made last September to supply on credit capital equipment for construction of an \$82,000,000 oil refinery in Bihar. New Delhi has also requested complete Soviet technical assistance in building and operating the refinery, and is awaiting Moscow's response. Agreement on this project, following contracts in October with Rumania for construction of a government-owned refinery in Assam, would assure the Soviet bloc an important role in expanding India's oil industry. (Page 7)

III. THE WEST

no

Cuba: [Several responsible men in the new Cuban Government are becoming disillusioned over the delays and inefficiency occasioned by the constant deferral of decisions to Fidel Castro, whose time has been spent largely in public appearances. Prime Minister Miro Cardona, for these reasons as well as his anger over Castro's inflammatory attacks on the US, has submitted a letter of resignation.] (Page 8)

21 Jan 59

DAILY BRIEF

ii

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I. THE COMMUNIST BLOC
No Back-up Material.

II. ASIA-AFRICA

Iran Reported Considering Nonaggression Pact With USSR

[The Shah of Iran is [redacted] seriously considering a 50-year nonaggression pact with the USSR. The USSR, which proposed the pact in late December, demands as a condition that Iran not sign the pending bilateral defense agreement with the United States. A guarantee of Iran's security would be requested from "five governments, including Great Britain, France, and India." The USSR would also be prepared to provide Iran with extensive military and economic aid.]

[The Iranian Government would require, before signing the pact, that the USSR cancel articles 5 and 6 of the Soviet-Iranian treaty of 1921 which gives the USSR the right to advance its troops into Iran to carry out operations "necessary for its defense" when menaced by military operations of another country.]

[The Shah is disappointed with the limited success of his campaign over the last few months to obtain increased US support for Iran and the Baghdad Pact. He claims that the draft bilateral agreement offers no additional guarantees to the security of Iran.]

[While the Shah's consideration of Soviet offers could be a further extension of tactics to obtain US aid, Ambassador Wailes states that something "ominous" may be pending between Iran and the USSR, but doubts that Iran has yet made a decision which would seriously affect free-world interests. Iranian Foreign Minister Hekmat has warned the ambassador that Iran is "living next door to a beast" and that, while he could give no details now, the US must have "full trust" in its friend Iran and "in the way in which it will deal with the Soviet Union."] [redacted]

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Israel Urges Opposition to Nasir's Influence in Iraq

[Israel is showing increased concern over the possibility that the United States, as well as Iran and Turkey, might support Nasir while opposing Communist influence in Iraq. The Israelis fear the extension of Nasir's influence to Iraq would bring about unification of the Arab world and increase the Arab threat to Israel's security.]

[Israel argues that the West should instead support Iraqi Prime Minister Qasim's resistance to Nasir and pro-UAR elements in Iraq. According to Israeli Ambassador Eban, Nasir is the cause of, rather than the remedy for, Qasim's acceptance of Communist support, and Qasim would assume a more truly independent position if he had non-Communist support against UAR pressure.]

[In the past few days, Israeli officials in Paris are reported to have met with Iranian and Turkish officials and attempted to persuade them of this thesis. However, General Bakhtiar, chief of Iranian intelligence, contended that Nasir is a lesser threat to Iranian interests than a Communist-dominated regime in Iraq would be. The Israelis undoubtedly will reiterate their views on the Iraqi situation]



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The Iraqi Situation

Military police began last week to enforce parts of Prime Minister Qasim's order restricting the activities of the Communist-dominated Popular Resistance Force,

[redacted] copies of Qasim's order posted throughout Baghdad by army personnel were torn down at night, [redacted] military to redistribute the proclamations. Continued Communist obstruction of the order may lead to clashes between military personnel and pro-Communist sympathizers.

Clashes between pro-Communist and pro-UAR elements may occur again at Mosul on 2 February when pro-UAR partisans will celebrate the first anniversary of the union of Syria and Egypt. [redacted] Baghdad is attempting to provide "a greater number" of photographs of Nasir and UAR flags for the event. UAR anticipation of fast-moving events in Iraq may be indicated by [redacted] ordering the military command communications network between Cairo, Damascus, and Baghdad to go on round-the-clock operation "immediately." [redacted]

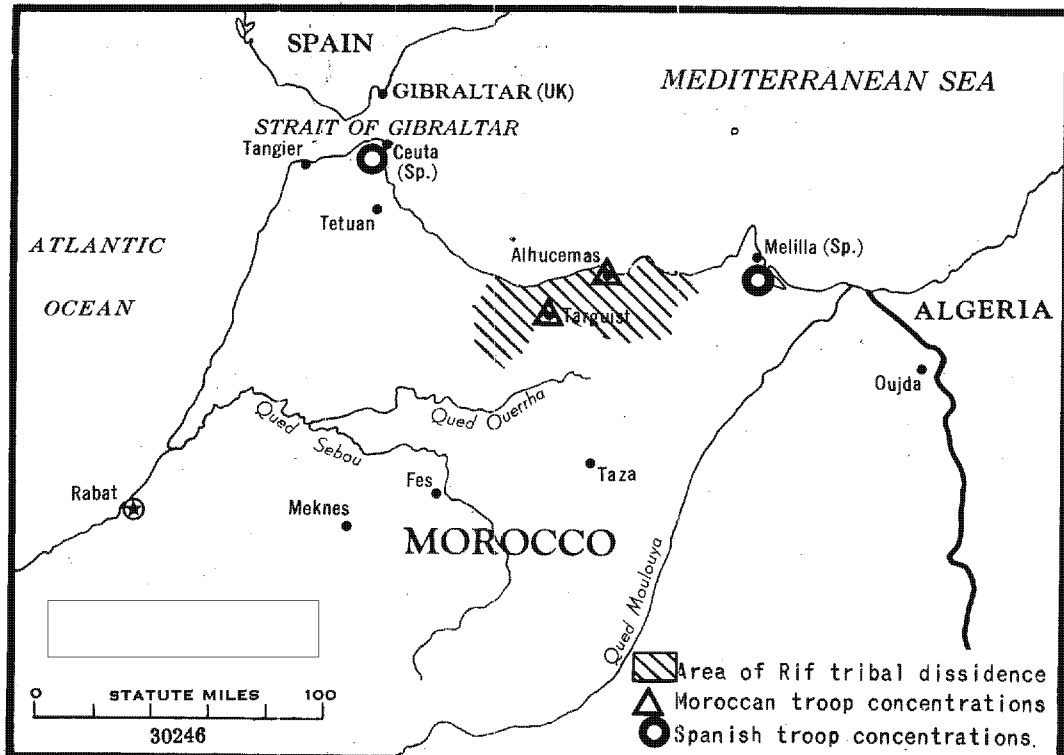
Qasim, in his first meeting with US Ambassador Jernegan, reiterated previous statements that he is determined to follow a "neutral" policy and that he wants US friendship and assistance. Qasim stated that he hoped for increased trade, and the help of US contractors as well as technical advisers in the economic field in carrying out Iraqi development activities. He repeated long-standing

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rumors alleging subversive activities by American diplomatic personnel, and "smilingly assured" the ambassador that he did not believe such rumors. However, he had intimated to the UK ambassador some weeks ago that he did believe these rumors. [redacted]

[redacted]

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21 JANUARY 1959



Spanish Aid to Moroccan Dissidents

[Spanish involvement in the tribal dissidence in northern Morocco may cause Rabat to renew pressure for the evacuation of the 10,000 Spanish troops remaining in Morocco. Rabat has repeatedly protested Spanish complicity.]

[Moroccan Vice Premier Bouabid, who with other officials recently inspected military activities in northern Morocco, stated the Royal Army has proof that Spain has supplied arms and money to the Beni Ouriaghel tribe. Bouabid also claimed he has discovered a definite separatist movement in the Rif and that the Beni Ouriaghel--the tribe of Riffian warrior Abd-el-Krim who rebelled against Spain in the 1920s--apparently are determined to set up a Rif republic.]

[The Spanish ambassador in Rabat has admitted that some assistance to the Moroccan tribes may have come from local Spanish sources, but he has denied that Spain intends to make war on Morocco.

"intense Spanish activity" throughout northern Morocco and the return to that area of many former Spanish native-affairs officers. Some of these officers may be considering--as they did during the French-imposed exile of the present King--the idea of establishing an autonomous northern Morocco.]

[The Spanish military governor of Melilla, one of five tiny Spanish-controlled points in northern Morocco, is reported to have granted asylum to Berber leader Lahcen Lyoussi, a former crown counselor who is being sought by government forces for involvement in tribal dissidence,

is supporting tribal dissidence as a means of forcing Morocco to commit itself to recognizing Spain's sovereignty over its present enclaves.]

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[Meanwhile, the Royal Moroccan Army has established control over most principal roads and towns. Several thousand armed Riffians apparently are attempting to deny reinforcements and supplies to these forces and probably will continue their harassing tactics.]



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India to Accept Soviet Offer to Help Build Oil Refinery

Soviet bloc participation in India's expanding oil industry is likely to be broadened substantially as a result of a provisional decision by the Indian cabinet to accept Moscow's offer of last September to help build a major oil refinery in Bihar State in eastern India. Soviet credit for capital equipment probably will cover a large share of the project's estimated \$82,000,000 cost. In addition New Delhi has requested Soviet technical assistance in constructing and operating the refinery. Moscow apparently has not yet responded to this request.

The project in Bihar is the larger of two refineries planned by the Indian Government to exploit oil deposits in northeastern India and to expand the public sector of the petroleum industry. Last October New Delhi signed an agreement with Rumania for construction of a refinery in Assam with a capacity of 750,000 tons annually.

The Indian Government early in 1958 requested the USSR and Western oil companies to consider assisting in the construction of the Bihar refinery, which will have a probable annual capacity of 2,000,000 tons. British, Italian, and American firms have expressed interest in the project, but their various proposals were turned down by New Delhi, apparently because they demanded special concessions or offered less favorable credit terms. Most US companies are reluctant to invest in state-owned enterprises that will compete with privately owned refineries now operating in India.

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III. THE WEST

Some Key Members of New Cuban Government Becoming Disillusioned

[The tendency in the new Cuban Government to refer all governmental and military decisions to Fidel Castro is seriously slowing down government operations and causing responsible high officials to become increasingly frustrated and disillusioned. Provisional President Urrutia is said to refer all decisions to Castro, who has been almost completely occupied with public appearances. In the armed forces, subordinate commanders are unable to make even minor decisions without referring them to Castro. As commander in chief, Castro intends personally to reorganize the armed forces, a process that is expected to be slow.]

[Prime Minister Jose Miro Cardona, highly regarded lawyer whose membership in the government has done much to lend it prestige, on 19 January submitted a letter of resignation which several influential Cubans are trying to get him to withdraw. Though his alleged reason was his poor health, the basic reason is understood by the American Embassy to be frustration over the inefficiency of government operations.]

[Miro Cardona is further angered at Castro's attacks on the United States since the criticism of the summary executions of Batista "war criminals." Cardona and another cabinet member have urged Castro to exercise more restraint in his speeches and, on 18 January, at least two Havana newspapers stressed the need for more calm and less talk.]

[Education Minister Armando Hart is also reported to be seriously considering resigning. If this trend continues, public confidence in the government will be seriously shaken and a period of political instability will ensue.]

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The Director

National Indications Center

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