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29 June 1961



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# CENTRAL INTELLIGENCE BULLETIN



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## CENTRAL INTELLIGENCE BULLETIN

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## DAILY BRIEF

Laos: [The Watch Committee at its meeting on 28 June reached the following conclusion on Laos:]

[The Communists will maintain their pressures on the Boun Oum government to accede to the establishment of a "neutralist" coalition government favorable to them while they continue small-scale military operations against government forces and the consolidation of their military position. The ability of the Royal Laotian Government to maintain its cohesion and determination to resist is becoming increasingly eroded.]

Congo: Tshombé's 28 June declaration that Katanga will remain independent of the rest of the country, coupled with Katanga Interior Minister Munongo's assertion that a political settlement must be based on the spirit of the Tananarive conference last March, could reverse the trend toward reconciliation of the Congolese factions. Under the impact of Katanga's apparent change of heart and without a guarantee of attendance from Tshombé's eight deputies, Leopoldville authorities may feel their bloc is too weak to risk a test with Gizenga and may postpone a meeting of parliament. They would thereby lose the propaganda advantage they recently gained over Gizenga, and wavering deputies might be more easily induced to defect to the Stanleyville cause.

Tshombé reportedly hopes there will be a long delay before parliament reopens and that in the interval the concessions he made to Ileo will be forgotten and a united front built up against Gizenga. He is said to have privately characterized

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Leopoldville politicians as "idiots." He reportedly hopes to exert pressure on them through Mobutu's troops, over whom he hopes to gain greater control through financial aid. [redacted]

\*Cuba: Cuban air force radio operators will undergo a six-month training course in operation of unspecified new "Russian equipment," [redacted]

[redacted] The same conversation referred to "mobile towers for the MIGs and the transports which are to arrive." *no*

The mention of transports may indicate that two Soviet-made IL-14 aircraft--delivery of which was to be arranged by the Cuban Embassy in Moscow, [redacted]

[redacted] will soon arrive in Cuba. [redacted]

The runway extension being undertaken at Havana's international airport, apparently to accommodate jet aircraft, suggests that bloc jet transports may soon begin using the airport.

An unconfirmed report of 26 June stated that ten MIG-15s have been assembled--presumably at Cuban air force headquarters at San Antonio de los Banos air base--and that two of them are "flying every morning."

[redacted] 100 Cubans were due to arrive in Czechoslovakia last week for pilot training; sixty others were said to be completing such training and due to return to Cuba shortly. [redacted]

Portugal: [London is exerting strong pressure on Lisbon to initiate political and socio-economic reforms in the Portuguese overseas territories without delay and to cooperate with the UN subcommittee appointed to investigate conditions in Angola. British Ambassador Ross, in a demarche to Portuguese Foreign Minister Franco Nogueira on 26 June, also emphasized that Portugal should admit journalists and others to investigate charges of repressive countermeasures in Angola by the Portuguese military. Returning missionaries had caused a wave]

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[of anti-Portuguese feeling in England by spreading such accounts.] (Backup, Page 1)

\*USSR-Berlin: Khrushchev's speech at a Moscow rally in honor of the North Vietnamese premier on 28 June contained the usual mixture of threats and inducements which he still hopes will bring the West to make concessions on Berlin and Germany at the bargaining table. He served notice that urgings of Western "hotheads" for mobilization and other military measures will not deter the USSR from signing a separate peace treaty with East Germany and warned that Moscow is "taking the necessary measures" to counter any Western moves to declare a mobilization. Khrushchev, on the other hand, complained that the West is distorting his proposals on Berlin and Germany and stressed his readiness to reopen negotiations. He contended Soviet proposals would protect West Berlin's right to choose its own social and economic system under international guarantees. He also sought to minimize the consequences of a separate treaty by again stating "there will be no blockade of West Berlin of any kind" and no "restrictions" on access, provided that interested powers reach an agreement with East Germany. Khrushchev also hinted that a second meeting with President Kennedy might be "useful," although he did not link this directly to the Berlin question.

*ok*

Ghana-USSR: President Nkrumah, whose regime faces financial stringencies during the next year, plans to ask the USSR for a "loan" equivalent to \$280,000,000 when he visits Moscow next month, Nkrumah will propose repayment by ten annual deliveries of 50,000 tons of cocoa at a fixed price considerably above the present low and widely fluctuating world price. He will also seek Soviet agreement not to resell any of the cocoa outside the bloc. While the USSR may not be interested in a deal on these terms, it may utilize the Nkrumah visit to extend

*ok figure in R2 of Backups, should be \$30,000,000 instead of \$300,000,000*

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additional credits tied to Soviet goods and services. ( [redacted] ) (Backup, Page 3)

UAR: [redacted] Nasir is renewing his efforts to disrupt the socialist Baath party, whose large membership throughout the Arab world is already divided over policy toward Nasir and the Egyptian-Syrian union. The Baathist international leadership now reportedly plans an all-out fight which could damage Nasir's image as the leader of the Arabs. The Baathists, formerly ardent supporters of Nasir's campaign for Arab nationalism, have been at odds with him since he suppressed political party activity in Syria after the creation of the UAR in 1958. [redacted] (Backup, Page 5)

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Austria - Communist China: [redacted]

[redacted] while Austria will neither attend the conference of neutral nations in September nor join the Common Market, it will vote for the admission of "popular China" to the UN. Austria has abstained on the Chinese representation issue since 1958, and while Kreisky has been speaking for some time of voting for Peiping's admission, he has hitherto promised to consult the US before doing so.

*no*

[redacted] Kreisky's statement could reflect growing uneasiness among small neutrals over being the "last to recognize" Peiping. He is also reportedly worried over Khrushchev's recent strong line on Berlin. The Austrian cabinet, under increasing pressure from business interests hoping for expanded trade, was recently reported to have "reacted positively" in general in a discussion of the question of recognizing Communist China. [redacted]

\* Poland: Polish officials engaged in economic discussions in Washington have implied that Poland intends to rely on US aid in the form of surplus agricultural commodities as an

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integral part of its Five-Year Plan. Negotiations now center on a Polish request for 1.7 million tons of US grain in 1961-62, which would be 82 percent of Poland's expected import requirement. The remaining four years of the Polish plan call for 8.3 million tons of foreign grain. The USSR provided Poland with 750,000 tons of grain in 1960, and there are no indications that Moscow intends to exceed this amount in any year covered by the 1961-65 trade agreement. Chronic shortage of foreign exchange makes it difficult for Poland to import large quantities of grain from hard currency areas. The plan earmarks much of the foreign grain for increased livestock production, to enable both greater per capita consumption at home and increased export to obtain hard currency.

WATCH COMMITTEE CONCLUSIONS

[On the basis of findings by its Watch Committee, the United States Intelligence Board concludes that:]

- A. [No change from last week.]
- B. [No change from last week.]
- C. [BERLIN: The Watch Committee sees no indications which would lead to a different conclusion from that of the Berlin Committee of USIB on 27 June.] (See Daily Brief for 28 June.)

[LAOS: Carried on Page i of Daily Brief]

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[REDACTED]

British Step Up Pressure on Lisbon for Reforms Overseas

[Franco Nogueira pointed out to Ross that Lisbon had already increased participation of Angolans in municipal councils and cracked down on the exploitation of native cotton growers. He said that far-reaching measures, including a move to abolish the system that differentiates between "civilized" and "uncivilized" natives, would soon be adopted. He cited the extraordinary session of the National Assembly convoked for 30 June to push reforms, but complained that continuing pressure on Lisbon was making it more difficult for him to convince Premier Salazar of the need for reforms.]

[The British demarche follows a series of milder admonitions this spring, including one by Foreign Secretary Home during his late May visit to Lisbon. The tougher approach partly reflects the impact of British missionaries' recently published charges that the Portuguese authorities are planning mass atrocities against Africans in Angola.]

[Anti-Portuguese feeling in Britain, as well as concern over relations with Asian and African Commonwealth members, probably also accounts for Macmillan's announcement on 27 June that Britain had suspended shipment of arms to Portugal's overseas territories. A week earlier, when the Admiralty had announced it had sold Portugal two frigates "to meet Portugal's NATO obligations," the opposition Labor party charged that they would be useful for patrol or transport duty in Angola.]

[The generally moderate members of the UN subcommittee on Angola--Bolivia, Dahomey, Finland, Sudan, and Malaya--on 26 June approved a trip to Lisbon by Carlos Salamanca of Bolivia, provided he go as "chairman of the committee." The Portuguese Government, however, did not issue the invitation to Salamanca in his capacity as committee chairman, and Lisbon may balk at receiving him officially because such action implies acceptance of the right of the UN to investigate conditions in the province of Angola. The committee has been cautious in its dealings with Portuguese officials to date. However.]

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[should Salamanca be rebuffed by Lisbon--despite interventions by Britain and others--the committee would have no alternative but to ask for further instructions from the Security Council or the General Assembly. Further UN debate on the issue at this time will almost certainly give rise to serious consideration of economic and political sanctions against Portugal by UN members.]

[Franco Nogueira expressed surprise when the British ambassador suggested that drafts of the reforms be discussed with Washington and London in advance to ensure British and American support. This suggestion will undoubtedly add to Portuguese irritation over what the government considers outside "needling" and may cause continued foot-dragging on moves looking toward eventual self-determination for Angola, which is the minimum concession likely to satisfy either the African nationalists or the majority of the white settlers.]

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### Nkrumah to Seek Additional Aid From USSR

Ghana's growing fiscal problem--and resultant increasing vulnerability to Soviet bloc blandishments--arises from the regime's ambitious development program, which includes many "prestige" projects, and from the effect on revenue of low world cocoa prices. According to a financial survey presented by former Finance Minister Gbedemah in April, prior to his reassignment as minister of health, Ghana faced a potential fiscal deficit of about \$215,000,000 for the 15-month period ending 30 June 1962. This figure included \$19,600,000 which Ghana must contribute before June 1962 to the Volta River project--the \$500,000,000 hydroelectric-aluminum project now in the final stage of negotiation with Western interests. Uncommitted reserve funds amounted to only some \$43,000,000 as compared with total overseas assets--mostly sterling securities--equivalent to \$500,000,000 at the time Ghana became independent in 1957.

Gbedemah's proposals for meeting the projected shortfall included the negotiation of an immediate loan, hopefully from West Germany, of \$300,000,000. Looking beyond mid-1962, Gbedemah stressed the government's need to find \$74,200,000 to complete its participation in the Volta project and a like sum to finance other existing obligations through mid-1964.

It is unlikely that the USSR will give Ghana the sort of aid it most needs, namely long-term budget-support loans in convertible currencies. Such support would be unprecedented in Soviet relations with non-Communist countries. Moscow may, however, agree to increase its purchases of cocoa over several years and guarantee payment for a fixed portion of such imports in foreign exchange and the remainder in goods. In that case, the USSR would probably insist that the price be based on world market prices. Soviet purchases of Ghanaian cocoa amounted last year to 35,000 tons, but have come to only 7,800 tons this year; Ghana's crop totaled 320,000 tons in the 1959-60 crop year and is expected to exceed 400,000 tons for 1960-61.

Bloc credits to Ghana now total at least \$88,000,000 including Soviet credits of \$40,000,000 for economic and technical

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assistance and \$13,000,000 for eight IL-18 aircraft purchased by Ghana since last August. Last week the Ghanaians reportedly ordered additional Soviet-built civil aircraft, possibly jet transports, but the terms of this deal are not yet known. During April and May both Poland and Czechoslovakia signed \$14,000,000 credit agreements with Ghana, and Hungary concluded a \$7,000,000 arrangement which may subsequently be doubled. Accra is currently negotiating a technical assistance agreement with Communist China.

Nkrumah now is scheduled to depart for the USSR on 9 July. He plans to be abroad for six weeks, during which he will visit several other Eastern European countries, including Yugoslavia. He reportedly also intends to visit West Germany before returning to Accra by way of Cairo.

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~~TOP SECRET~~ [REDACTED] ○Nasir Renews Dispute With Baathists [REDACTED]

[In a press conference in Beirut on 24 June, Fuad al-Rikabi--former secretary general of the Iraqi Baath party--attacked the party's international leadership as collaborators with Communists and imperialists against the UAR. Rikabi also accused the party headquarters in Beirut of sowing doubt "among the party members and the Arab world about the intentions of the UAR." [REDACTED]

[REDACTED]

[Rikabi, whom the majority of Iraqi Baathists consider a paid agent of the UAR, was reported expelled from the Iraqi party in early June. He was a minister in Prime Minister Qasim's first cabinet, but has been in exile in the UAR for the past two years. He retains some support among Iraqi Baathists, however, and Nasir had tried to use this sympathy to build pro-UAR sentiment in Iraq.]

[A few days before Rikabi's press conference, Iraqi nationalist groups reportedly had tried unsuccessfully to secure some agreement from Nasir to bury his differences with the Baathists so that a united front could be formed in opposition to Qasim. Nasir's refusal and Rikabi's subsequent remarks are likely to result in a decline in UAR influence among Iraq's nationalist elements. Nasir's personal prestige may be similarly affected if the Baathists bring into play the considerable clandestine and propaganda assets they command in most Arab countries.]

[REDACTED]

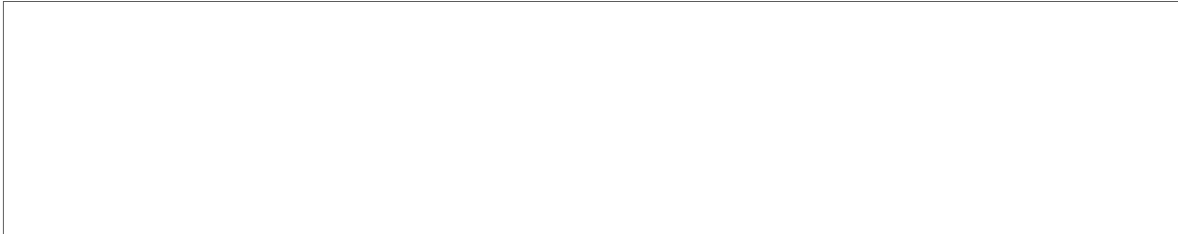
about the time of Rikabi's press conference, the UAR arrested Akram Hawrani, former UAR vice president and leader of the Syrian Baathists. [REDACTED] the UAR has sent a professional kidnaper-assassin to Lebanon to abduct or kill Michel Aflaq, the Baath's secretary general and Nasir's chief antagonist. [REDACTED] the UAR,]

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[convinced there is a working relationship between the Baathists and the Communists, had recently arrested many members of both parties in Syria.] [ ]



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