

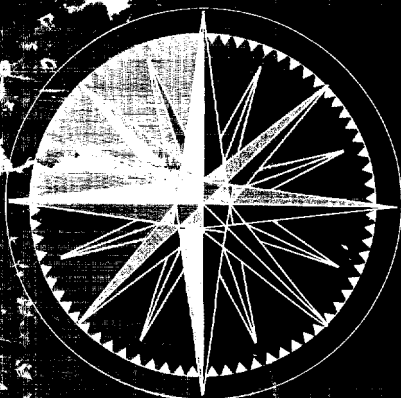
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15 November 1963

OCI No. 0306/63

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# WEEKLY SUMMARY

## OFFICE OF CURRENT INTELLIGENCE

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# CENTRAL INTELLIGENCE AGENCY

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(Information as of 1200 EST, 14 November 1963)

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Cuba

**OLD-LINE COMMUNIST REMOVED FROM HAVANA UNIVERSITY POST**

Juan Marinello, rector of Havana University and a long-time leader of the prerevolutionary Cuban Communist Party (PSP), was recently removed from his post and appointed ambassador to UNESCO headquarters in Paris. Juan Mier Febles, deputy minister for higher education, has been named provisional rector. Mier, like his predecessor, has a long history of PSP activities.



There is at present no information that Marinello's removal presages a purge of other old-line Communists, although the increasing pressures confronting the regime at home and abroad may well cause Castro to replace other officials whom he does not fully trust.



Marinello resigned after leaders of the University Students' Federation (FEU) "continuously flouted the authority of the rector, referring to his actions as those of an old Communist who 'stood contrary' at a time when fighting was in progress for the victory of the revolution." Marinello is known to have aroused student ire for defending the Soviet strategic missile withdrawal

last year when Castro himself was bitterly resentful over the Soviet move.

Marinello, who is 65 years old and in poor health, was the first Communist in Latin America to hold a cabinet post--he was minister without portfolio in the 1940-44 Batista regime. Marinello's political fortunes waned after the PSP was outlawed in 1953 and he was forced to spend the greater part of the late 1950s in hiding. Like many of his Cuban Communist colleagues, Marinello was caught off balance by Fidel Castro's victory in 1959. Two years earlier he had written in a Mexican newspaper that Castro's guerrilla methods "were neither appropriate nor effective in bringing the Batista tyranny to an end." Nevertheless, the revolutionary government reinstated Marinello in a teaching post at the university. In January 1962 he was named rector. During the past few years he has made frequent trips to bloc countries as a spokesman for Cuban cultural and educational institutions.

On 9 November Havana Radio, in a somewhat cryptic announcement, reported that "bearing in mind the need to appoint an ambassador...at the main headquarters of UNESCO in Paris, and considering the qualities of Juan Marinello, he has been appointed to that high post and thus relieved of his functions as rector of the University of Havana."

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Cuba

**CASTRO SNUBS SOVIET ANNIVERSARY CELEBRATIONS**

A calculated coolness marked the Cuban performance on the 46th anniversary of the October Revolution as the Castro regime sought to avoid anything smacking of favoritism toward either Moscow or Peiping.

No ranking member of the regime was present at the Mella Theatre in Havana on 6 November to hear Soviet Ambassador Alekseyev extol his country and pledge the USSR's assistance in the event of a new crisis. Significantly, Alekseyev felt constrained to caution his listeners against heeding those who cast doubt on the "sincerity of the Soviet Union toward Cuba." Communications Minister Faure Chomon's reply was a standard recital of the USSR's technological and economic prowess, ending with the promise that "Cuba will support other nations in turn in the way that the Soviet Union supported Cuba."

"Che" Guevara, Blas Roca, Foreign Minister Raul Roa, Manuel Luzardo, and Emilio Aragones led the Cubans present at the Soviet Embassy reception the following night. However, Fidel Castro--who failed to attend the Chinese Communist anniversary in October--was conspicuous by his absence, as was his brother Raul. A regime spokesman an-

nounced in midafternoon that Fidel had left Havana for a tour of the provinces. President Dorticos, who three days later received a Chinese delegation, was said to be "indisposed."

Havana egregiously flouted bloc custom by waiting until 9 November to release a congratulatory telegram from Castro and Dorticos to the Soviet leaders--and perhaps to send the wire to Moscow, as well. The Cuban message failed to single out Khrushchev for special praise and, unlike other bloc telegrams, omitted any reference to "peaceful coexistence" and the nuclear test ban treaty. As of 12 November the Moscow press had ignored Castro's telegram.

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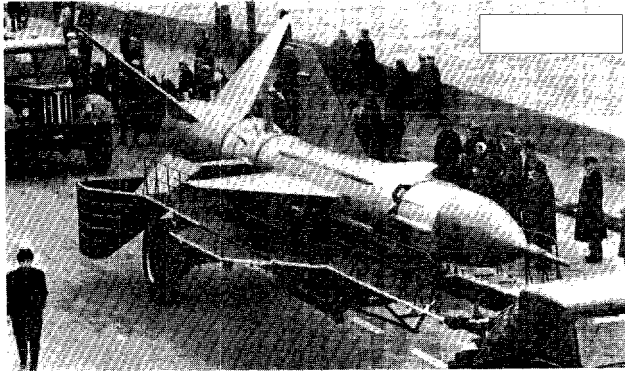
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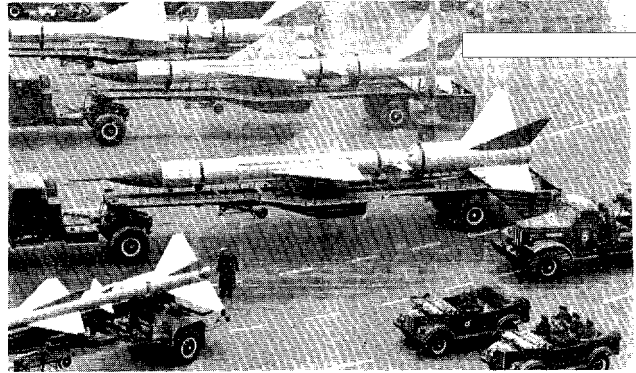


## NEW SOVIET SURFACE-TO-AIR MISSILE (SAM)

PHOTOGRAPHIC REVIEW OF PROBABLE ANTIMISSILE MISSILES  
DISPLAYED IN MOSCOW PARADE ON 7 NOVEMBER 1963.

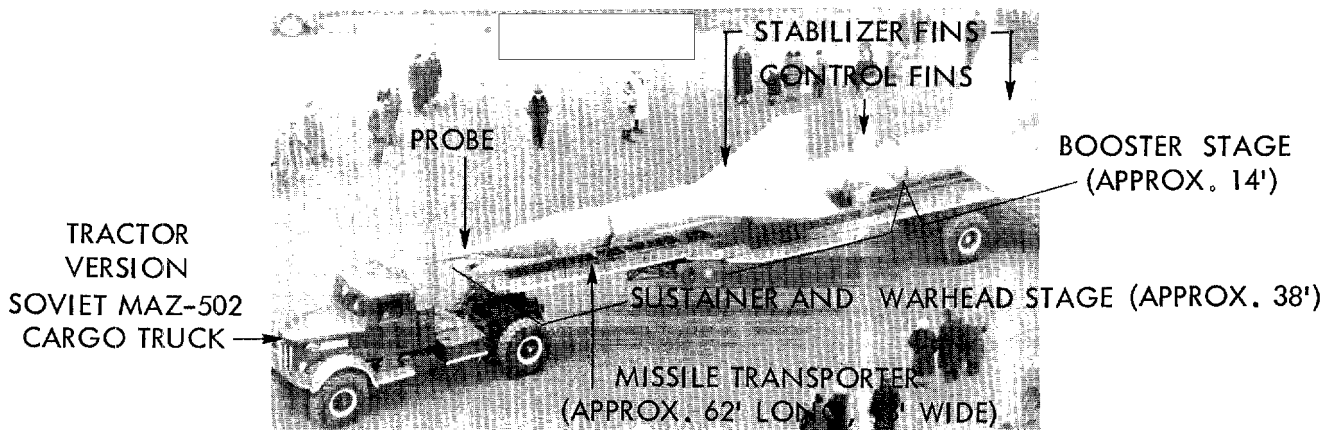


Detail of sustainer/warhead stage and positioning of fins.



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Three were shown in parade, one held in reserve. They are larger than the 39' long SA-1; or the 35' long SA-2.

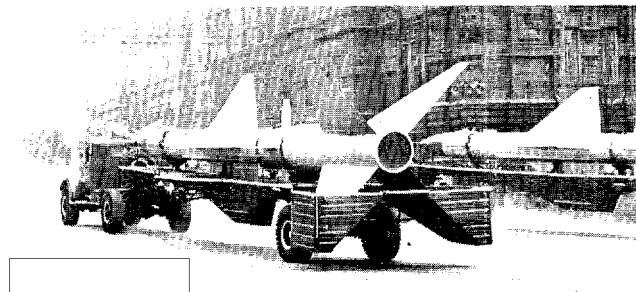


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Dimensions and Components



Detail of booster stage



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Rear view. Some of the new missiles had been seen under canvas by Western attaches during parade rehearsals on 22 and 26 October.

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The Communist World

**USSR DISPLAYS NEW SURFACE-TO-AIR MISSILE**

The large surface-to-air missiles shown publicly for the first time in the 7 November Moscow parade probably are antimissile missiles as Soviet spokesmen have claimed. They appear to be compatible with the project under construction at Leningrad which is believed to be an anti-ballistic-missile system. Preliminary analysis suggests that they have high-altitude, controlled-intercept capabilities suitable for an antimissile role. They may also be intended for use against aircraft.

Photographs taken on 7 November show a two-stage vehicle about 52 feet long which may have a gross take-off weight of around 20,000 pounds. The first or booster stage is approximately 14 feet long and 3 feet in diameter. The booster, probably solid propelled, is equipped with four stabilizer fins measuring about 15 feet from tip to tip. A second or sustainer stage, probably liquid propelled, measures about 38 feet from the tip of the probe

in the nose to the end of the nozzle skirt in the rear. The diameter of this stage is about 32 inches. Two sets of fins--one large set of stabilizers with a span of about 11 feet and a smaller set of control fins with a span of about 7 feet--are attached to the second stage.

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Analysis to determine the operational performance of the new missile is not yet complete. It would probably be fired from a vertical or near-vertical position and appears to be designed to engage targets at high altitudes within the atmosphere.

There is no evidence that such missiles are operationally deployed.

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SA-1(GUILD) SAMs at left; SA-2 (GUIDELINE) SAM in foreground; new missiles at top and right.



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### The Communist World

#### USSR CONTINUES TO CLAIM AUTHORITY OVER BERLIN ACCESS

The USSR is continuing its efforts to document the claim that US military convoys on the Berlin autobahn have violated "established procedures." It contends that these practices have their basis in certain agreements reached immediately after World War II.

On 7 November, in discussing the autobahn incidents, Soviet Foreign Minister Gromyko told Ambassador Kohler and UK Ambassador Trevelyan that an agreement had been concluded between Soviet and Western military representatives in 1945 which specified that military authorities should establish access procedures. He asserted that this agreement and a communication sent in 1958 by the Soviet military commander in East Germany to his US counterpart were "the basis of established practices respecting autobahn traffic."

Moscow's immediate purpose in setting forth these claims probably is to establish its right to a voice in determining access procedures prior to making a bid for new negotiations on this issue.

In his remarks to the two Western ambassadors, Gromyko implied that a formal statement from the Soviet Government on the question of access would be forthcoming. The USSR may have decided to avoid further harassment of Allied convoys at least until it has presented the Western governments with such a

statement. On 12 November, a US convoy which fell within the Soviet--but not the Western--criteria for dismounting transited the autobahn without a formal challenge.

In alluding to the 1945 agreement on the access question, Gromyko apparently was referring to a conference of US, UK, and Soviet military representatives held in Berlin on 29 June 1945. At this meeting, a number of decisions were made regarding the practical implementation of the four-power occupation of Berlin. General arrangements were agreed upon for the use by the Western powers of specific roads, air corridors, and rail lines in exercising their right of access to Berlin, but the agreement was never formally adopted by the four powers. According to a US memorandum of the conversation, General Clay asked Marshal Zhukov "only for the right to move without restriction under whatever Russian regulations are set down." Zhukov later replied that it would be "necessary for vehicles to be governed by Russian road signs, military police, document checking, but no inspection of cargo...."

Gromyko's second reference appears to be a letter sent by General Zakharov on 17 July 1958 to the US commanding general in Europe in response to a Western statement on procedures in conveying movement orders of Allied convoys. Zakharov accepted the proposals but reserved the right

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The Communist World

to inspect individual covered vehicles. On 29 July 1958, Zakharov contended that the USSR retained this right in accordance with the 1945 agreement "which confers responsibility for control of traffic exclusively to the Soviet side."

In asserting a right to control Allied military traffic, Moscow may be laying the ground-

work for calling for a major four-power review of the whole access question. Soviet leaders may, for example, revive the proposal they made last year for an international access authority. Soviet diplomats have recently hinted privately that the USSR may be prepared to negotiate a new access arrangement. [REDACTED]  
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The Communist World

PEIPING'S INITIATIVES TOWARD WESTERN EUROPE

After nearly three years of cautious exploration, Peiping has started to place firm orders with industrial suppliers in Western Europe. This trade initiative has been accompanied by an increase in political activity which suggests that the Chinese are moving tentatively toward a new policy designed to end China's isolation and make it less vulnerable to economic and political pressure from Moscow.

The number of Western trade representatives visiting China has increased sharply during the past few months. These groups have received a cordial reception and have closed deals--including contracts for a complete fertilizer plant from the Netherlands and a synthetic ammonia plant from the UK--totaling about \$20 million.

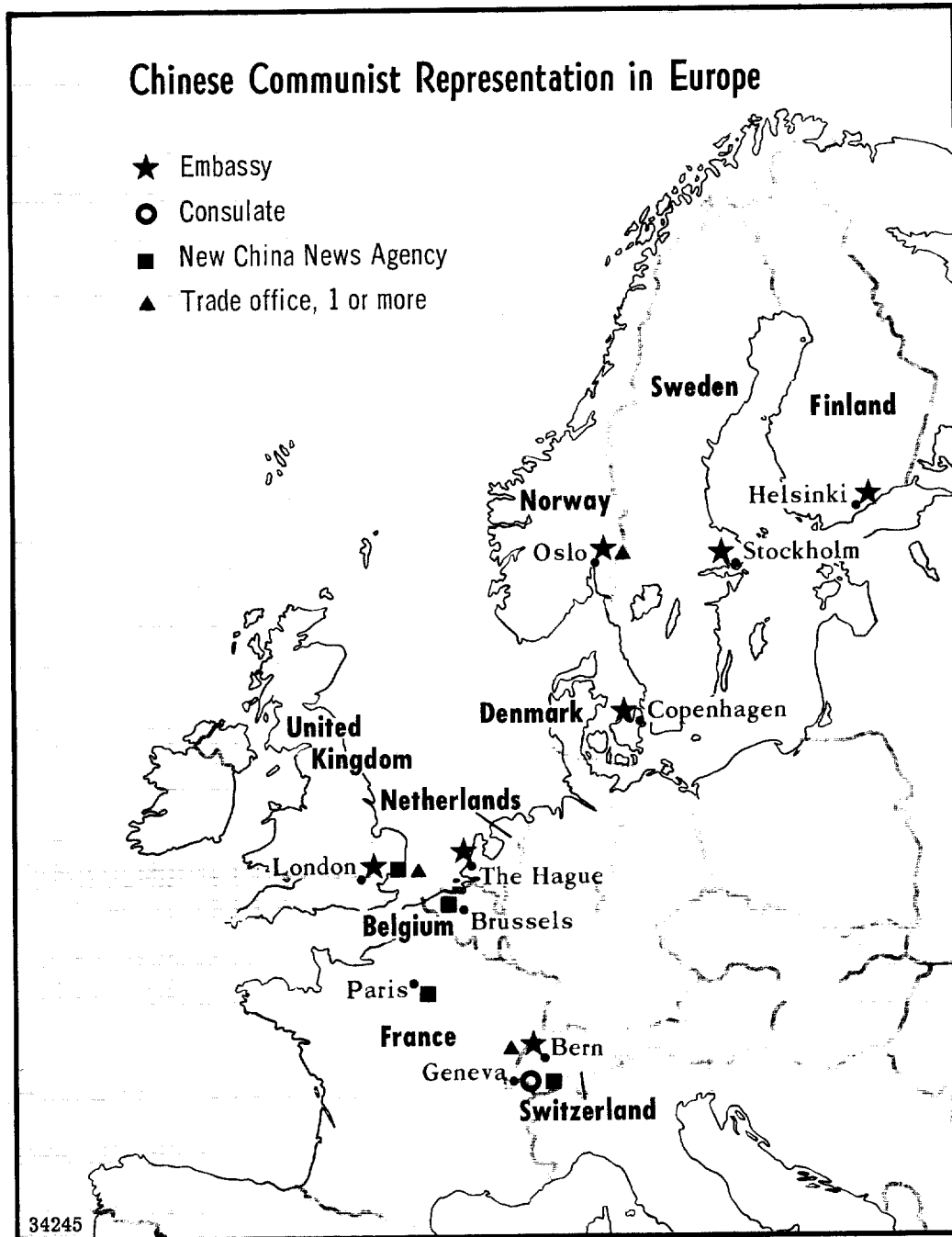
These contracts mark a radical departure from established Chinese practice in that they call both for British and Dutch technicians to assist with the construction of the fertilizer complex and for Chinese trainees to go outside the bloc for study. The Chinese have long regarded foreigners as potential spies and feared that trainees sent abroad would defect. By arrang-

ing for technical assistance from a number of foreign sources, Peiping probably hopes to avoid a repetition of the blow it received in 1960 when Moscow suddenly pulled out all Soviet advisers.

China has limped along with virtually no plant and machinery imports for the past two years, a circumstance which, taken together with Peiping's relatively tight foreign exchange position, adds significance to the small transaction completed so far in Western Europe. Peiping may view these contracts as test cases, to be followed by major orders for other industrial equipment if all goes well.

Continued Western eagerness to tap the China market and Chinese receptivity to such efforts are indicated by the level of commercial activity during the past two months. Several UK firms recently held an industrial exhibit in Peiping, while representatives of the "48-group"--British firms long involved in the China trade--and other UK trade representatives visited China during September and October.

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**The Communist World**

The French have shown a high degree of interest, and several missions from Paris are visiting Peiping this fall. A private economic delegation of businessmen led by Georges-Picot had tacit governmental approval and came away from China in early October impressed by Chinese friendliness and efficiency, and hopeful concerning the possibilities for increased trade. Swedish and Dutch trade groups have also traveled to China recently.

Peiping's political efforts in Europe have thus far been concentrated on developing pro-Chinese elements and factions inside local Communist parties. The Chinese have been active in France, Italy, Switzerland, and the Netherlands,

The greatest Chinese political success thus far has been in Belgium, where Jacques Grippa's radical Brussels Federation of the Belgian Party split with the pro-Moscow leadership in

late June.

Peiping has also mounted a broader campaign aimed at the Belgian public and government. The Chinese established an office of their New China News Agency in Brussels in March and are supporting a Belgium-China Friendship Association. During 1963 four Chinese delegations have visited Brussels, a marked contrast with last year, when no Chinese groups came to Belgium.

These activities in Belgium have been accompanied by gestures of friendship toward France and Sweden. Former French Premier Edgar Faure received an unusually warm welcome from top-level officials in Peiping last month. In September the Chinese sent a military delegation to Sweden headed by the second-ranking officer of the Chinese Army--the highest level military delegation ever sent outside the bloc--to return an earlier courtesy visit by a Swedish military group.

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Asia-Africa

**SITUATION IN SOUTH VIETNAM**

South Vietnam's new military rulers are turning their attention to their avowed program of reforms, although many of their plans appear still in the formative stage and some groping is evident.

The new regime apparently intends to revamp the strategic hamlet program, but it has not made clear how this is to be done. While declaring that the theory of the program is good, various military leaders have criticized its implementation, particularly the use of forced labor and the indoctrination of hamlet inhabitants in the Diem regime's obscure "personalist" philosophy.

Premier Tho has indicated that he and coup leader General "Big" Minh hope to enlist the support of the once-powerful politico-religious sects, whose independent armed strength was largely crushed by Diem in 1955, in a "revitalization" of strategic hamlets in the delta provinces.

The regime meanwhile is proceeding with new military appointments, including the replacement of a large number of province chiefs appointed under Diem. It is also making some efforts to channel student political energies into a national organization which would engage in social welfare work with peasant and labor-class youths. The regime has endorsed the idea of a student "peace corps" to operate in strategic hamlets.

Various nongovernmental civilian leaders, including Bonze Tri Quang, the leading Buddhist critic of the former regime, are reserving judgment on the new government and withholding any strong endorsement. Labor leader Tran Quoc Buu, who was temporarily detained last week, has expressed some misgivings and regards Tho as a weakling and an opportunist.

Former opposition politicians, including those returning from prison or exile abroad, are apparently moving cautiously toward political organization, seeking to determine what limits the regime has set for political activity. Some groups which lent support to the coup, reportedly including junior officers, apparently feel that the generals have usurped the fruits of victory. These groups are also concerned over the emergence of factions among the generals, who are said to be separating into pro-French and pro-US cliques.

Virtually all military units brought into Saigon for the coup have returned to normal duty stations. Government forces are reacting aggressively to Viet Cong activity, which has intensified since the coup. Communist attacks in the first week of November numbered 165--a high for 1963. So far this month there have been two battalion- and six company-size Viet Cong attacks, as compared with eight in company strength in October. Except for the surrender of some

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Asia-Africa

villagers in central Vietnam who believed Viet Cong propaganda that the Communists had taken over in Saigon, this military activity and Viet Cong exhortations have had little significant success.

Communist propaganda in Vietnam has repeatedly forecast that the new government will soon fall into jealous bickering and power struggles. This line is probably intended to counter any notion that the new regime may prove an effective foe of the Viet Cong or offer the southerners an attractive alternative to the Communist "Liberation Front" organization.

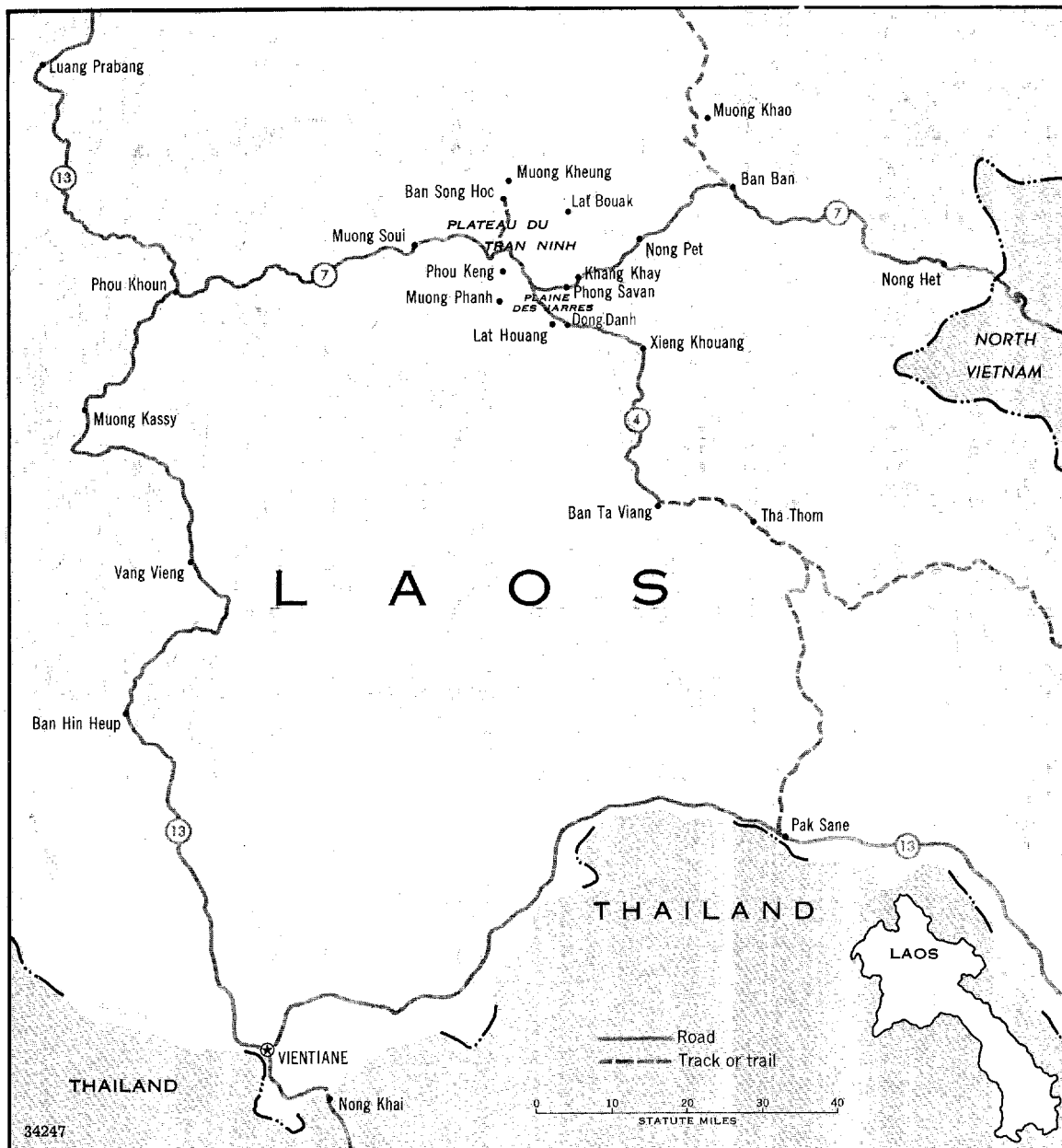
**SOUVANNA'S RETURN TO LAOS COINCIDES WITH NEW FIGHTING**

Premier Souvanna Phouma, back in Laos after two months abroad, is trying to revive his faltering government coalition of rightists, neutralists, and the pro-Communist Pathet Lao. His effort is threatened, however, by a renewal of fighting between the three factions' military forces, and his talks in Moscow this month reflected no major change over the past half-year in the Soviet leaders' attitude toward Laos. They continue to give verbal support to the 1962 Geneva accords and to the coalition government, but remain unwilling to exert any effective pressure on the Pathet Lao or their North Vietnamese mentors to cooperate in implementing the accords.

Soviet policy in Laos appears to be motivated by two main factors--a desire to avert a renewal of large-scale military action which might embroil the USSR in another confrontation with the US, and a wish to avoid having to take positions on Laotian developments which might further alienate Hanoi at this juncture in the Sino-Soviet conflict. Soviet freedom of maneuver has been diminished by the apparent increase in the influence of pro-Chinese militants in the North Vietnamese party and by Hanoi's public support in recent months of Peiping's major positions.

Since the outbreak of fighting in the Plaine des Jarres

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Asia-Africa

last spring and the abortive Sino-Soviet talks in July, the USSR has displayed increasing reluctance to undertake any positive diplomatic action with respect to Laos. Soviet spokesmen have asserted that they are both unwilling and unable to influence Laotian events and that, in any case, it is up to the three Laotian factions to resolve their own problems. Moscow has rebuffed all Western requests for Soviet efforts to induce Hanoi to withdraw its cadres and technicians from Laos and to persuade the Pathet Lao and the Polish members of the International Control Commission (ICC) to cease obstructing ICC activities.

Souvanna has indicated that he does not expect to receive significant Soviet military assistance. In response to his request for spare parts for unserviceable Soviet transport aircraft provided by the Russians in December 1962, Khrushchev contended that such parts are no longer available. The Russians were also evasive regarding Souvanna's request for new aircraft.

Although the Russians will be careful to avoid any moves that might antagonize Hanoi or provide additional propaganda ammunition for the Chinese, they probably will continue to make gestures from time to time to symbolize their formal support for the coalition government. Souvanna, for example, claims that Khrushchev agreed to halt the flow of Soviet arms through Hanoi to the Pathet Lao, although it would be virtually im-

possible to verify the fulfillment of this "promise." The Russians, moreover, reportedly agreed to support Souvanna's plan to demilitarize the royal capital of Luang Prabang with a view to facilitating renewed participation by Pathet Lao ministers in the coalition government.

Since his return, Souvanna has asked Pathet Lao cabinet minister Phoumi Vongvichit to come to Vientiane for talks. Souvanna has also authorized a meeting--now tentatively scheduled for 16 November on the Plaine des Jarres--between neutralist Commander Kong Le and the Pathet Lao military leader, Singkapo, to discuss a possible cease-fire..

These political moves coincide with new fighting around the Plaine des Jarres. Neutralist and right-wing troops on 7 November began a limited offensive to clear Communist forces from key positions near the plain. 25X1

The right-wing and neutralist initiative followed Pathet Lao attacks against Meo positions along Route 7, the key artery for the Communist supply build-up in the Plaine des Jarres region. Several key Meo posts have fallen to the enemy during the past three weeks, and others are under heavy pressure. 25X1

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Asia-Africa

**SOVIET CULTIVATION OF IRANIAN FRIENDSHIP**

The forthcoming visit of Soviet President Brezhnev to Iran is the latest gesture in the USSR's 16-month campaign to improve relations between the two countries. The visit, due to begin on 17 November, will follow an increase in cultural exchanges, favorable Soviet propaganda treatment of the Shah's land reform program, and the recent extension of a Soviet credit to Iran. These earlier efforts have been effective and Moscow will probably continue cautious probes of Iranian susceptibility to further blandishments.

Soviet representatives have recently revived the possibility of assistance for an Iranian steel mill, playing on the Shah's strong desire for such a project and Western reluctance to finance it. There is also a report that Soviet officials in Meshed, near the Soviet border, have offered to provide electrification to that city free of charge.

An economic and technical cooperation agreement signed on 27 July provides for the construction of a dam on the Aras River, construction of eleven grain silos, and the development of Caspian Sea fish hatcheries. The dam, on the border between

Iran and the USSR, will provide irrigation water and hydroelectric power to be divided equally between the two countries. To finance Iranian construction costs, Moscow extended a \$38.8-million credit at 3.6-percent interest to be repaid by Iranian exports of agricultural products, principally dried fruits.

The pattern of Soviet activity in Iran indicates, however, that Moscow still regards Iran as firmly tied to the US, and thus it is unlikely that the Brezhnev visit will result in any major offers of aid. While the USSR might propose to make feasibility studies for a steel mill, Moscow probably would not undertake this or any other large-scale project without a reorientation of Iran's political structure which would make that country more amenable to rendering a political quid pro quo for economic aid.

In the meantime, the USSR will seek further gradual improvement of relations and expansion of contacts by attempting to negotiate such matters as mutual air and landing rights for scheduled commercial aircraft and the specifics of the transit agreement signed in 1957 but not ratified until last year.

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Asia-Africa

### NEW UPHEAVALS IN IRAQ

Iraq entered a new period of turmoil this week when a long-simmering dispute between factions within the ruling Baath Party broke into open conflict in Baghdad. Neither faction has yet been able to gain a clear-cut victory, and, regardless of any temporary rapprochement, rumblings within the party are likely to continue for some time. The result is to weaken the Baath's prestige, unity, and grip on the levers of power in Iraq.

For some time, the extremist policies of Iraqi Baath leader Saadi, who organized the party while it was being persecuted by former premier Qasim, have been opposed by a moderate faction led by Foreign Minister Shabib and Minister of State Jawad. These leaders felt that Saadi's emphasis on rapid socialization, on exclusive exercise of power by the Baath, and on early union with Syria, was depriving the regime of the widespread support it badly needed. The issue was fought out early this fall at a regional party conference, where Saadi gained a narrow victory with the aid of Defense Minister Ammash, a lone wolf with strong ties in the military wing of the party.

Continued maneuvering for position resulted on 11 November in the election by a "rump congress" of a new slate of Iraqi

Baath leaders in which Saadi and his supporters were replaced by moderates. Saadi and four close associates were arrested and exiled to Spain.

However, members of the national guard--the party's paramilitary wing and a reservoir of strong support for Saadi--refused to accede to the move against Saadi. They insisted that the new leadership group had been elected illegally. Fighting broke out at a few strategic points in Baghdad on 13 November, but the moderates, with the support of Premier Bakr and Ammash, were initially able to contain the situation. However, the national guard and the lower echelons of the party, where pro-Saadi sentiment is also strong, evidently continued opposition to the new leadership group.

In an effort to resolve the impasse, Bakr and Ammash called for a meeting of the international command of the party in Baghdad late on 13 November. This group, which includes Syrian Premier Hafiz and Baath Party founder Aflaq, evidently placed the question of party discipline above all other considerations. Shabib and Jawad, together with several of their supporters, have in turn been exiled to Beirut, and have apparently been read out of the party entirely.

No new list of Iraqi party regional leaders has been

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Asia-Africa

announced, and Saadi's present position is unclear. He is still in Spain, but he retains widespread support throughout the middle and lower echelons of the party. Ammash, with his strong military ties and "swing-man" position, appears to be the immediate winner in a still confused situation, but the dust has not finally settled.

The Baath Party in Iraq thus faces a considerable period of confusion and unrest. The

party's prestige has clearly suffered a body blow, and its control of the machinery of state and over internal security has almost certainly been weakened. The party's position in Syria will be affected by the events in Iraq, and new tremors can probably be expected there as well. Anti-Baath elements in both countries--particularly among the military--will also maneuver in the present confusion, seeking to overturn the two regimes entirely. [REDACTED]

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**AREA NOTE**

Morocco and Algeria continue to improve their military positions along the border, but no incidents have disrupted the cease-fire which became effective on 4 November. The four-power commission--Algeria, Morocco, Mali, and Ethiopia--set up under the cease-fire agreement to establish a demilitarized zone in the disputed area has not yet met. Agreement on such a buffer zone seems unlikely.

Meanwhile, both governments also are seeking support in preparation for the forthcoming meeting of the foreign ministers

of the Organization of African Unity (OAU) in Addis Ababa. The recent reorganization of the Moroccan Government, in which King Hassan relinquished his role as premier, is probably a gesture toward the OAU, some members of which seem to have been impressed by the repeated Algerian charge that Morocco's regime is "feudal." Algeria, for its part, continues to resist the idea of border adjustments and is relying for support on leading members of the OAU who want to maintain their own present boundaries in the face of revisionist pressures. [REDACTED]

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Europe

**NATO MEETING TO DISCUSS WESTERN TRADE WITH BLOC**

A special meeting of the North Atlantic Council (NAC) has been scheduled for 18 November at US request to discuss East-West economic relations and related problems of economic defense. The request stems from US concern over pressures among NATO members for expanding trade with the bloc--pressures which the detente in general and the Canadian wheat deals in particular have increased. The attraction of possible new markets may lead some US allies to overlook the economic and political ramifications of such trade and may even create new frictions within the alliance.

The discussions will focus in particular on a common credit policy in trade with the bloc--a perennial question in NATO, but one which appears to have become even more pressing. Because of its large expenditures for agricultural imports, Moscow is pushing still harder for long-term credits from the West in order to maintain its program of importing capital goods. Several West European countries--notably Britain--seem sufficiently eager for such sales to compete with each other in offering favorable credit terms.

Prospects for curbing such competitive bidding remain poor. The Common Market countries

agreed last summer on a general credit policy which would limit government-guaranteed export credits to five years, require a substantial down payment, and permit exceptions only for the less-developed countries and for meeting competition. Britain has consistently opposed NATO endorsement of this policy, however. At the 31 October meeting of the NATO economic advisers, the British delegate reiterated London's general position that there is not now a credit race favoring the bloc, that NATO is not the appropriate forum for discussing credit policy, and that established British credit policy is opposed to discrimination against any particular area. Norway and Canada supported these remarks.

The NAC meeting may also provide a clearer indication of the West German position on trade with the bloc. Bonn has supported the EEC resolution restricting credits to the bloc, and has recently proposed that NATO undertake studies of commodities on which the bloc is dependent for imports or exports. On the other hand, important West German figures have indicated interest in greatly increasing exports to the USSR.

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Europe

**SPAIN STRIVING TO INCREASE TRADE WITH CUBA**

Spain, despite its dislike of Castro, has been trying with some success to reverse the recent sharp decline in its exports to Cuba. It hopes to quadruple the 1962 figure to a total of \$5-\$6 million in 1963 and eventually raise exports to their pre-Castro level.

Last February Madrid welcomed a Cuban commercial delegation which negotiated an extension through 1963 of an existing three-year-old trade agreement. The Cuban delegation contracted, among others, manufacturers of trucks, spare parts, and earth-moving equipment. Spanish and Cuban ships have carried from Spain to Cuba such merchandise as lead plate, copper wire, chemical products, trash trucks, and food items. Under the extended agreement Spain's imports from Cuba will include \$3 million worth of sugar and \$2.5 million of tobacco, and total trade will amount to \$15 million.

During October there was a steady increase in air flights between Madrid and Havana. In addition to the regular weekly round

trip by Spain's Iberia line which has been in effect since last June, Cubana Airlines stepped up the number of nonscheduled flights. Some Cubana flights carried refugees to Spain and then proceeded empty to Prague, others returned to Cuba--one or two via Algiers--and one took on cargo in Madrid for Cuba.

In July 1963 Ambassador Garrigues in Washington defended Iberia's flights as necessary for the welfare of the hundreds of thousands of persons of Spanish nationality or extraction in Cuba. He also argued that the Cuban trade was "a matter of life or death" to the Spanish shipping firm Transatlantica.

Although the Spanish Embassy has said that Madrid "would consider sympathetically" a US request that it halt the export of specific strategic items, Madrid is unlikely to consider discontinuing either sea or air communications with Cuba. The embassy, however, has suggested that the number of Iberia's flights might be reduced and perhaps put under some form of control.

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SPAIN'S TRADE WITH CUBA					
(thousands of dollars)					
	1958	1959	1960	1961	1962
Spain's Exports	12,200	7,800	9,900	4,401	1,372
Spain's Imports	18,500	7,400	10,300	9,240	8,519

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Europe

**ITALIAN PREMIER-DESIGNATE BEGINS CABINET TALKS**

Aldo Moro, Italy's premier-designate, began formal negotiations for the center-left government on 12 November. His worst problem at the outset is the continued intransigence of the right wing of his own Christian Democratic Party.

Some right-wingers--probably including President Segni, Foreign Office Secretary-General Attilio Cattani, and NATO Ambassador Adolfo Alessandrini--seem to be trying to block a rapprochement with the Socialists by pressing for certain commitments now, particularly on the MLF, which they know are unacceptable to the Socialist Party at this time.

Christian Democratic die-hards headed by ex-Premier Scelba and former Education Minister Guido Gonella succeeded in rallying only about 16 out of the 150 members present at a meeting of the party's national council to vote against negotiations with the other three prospective coalition parties. This poor showing, however, will not deter them from other opposition tactics. They might try, for example, with Segni's encouragement, to include in the cabinet such extreme right-wingers as Giulio Andreotti, the present defense minister, and Giuseppe Pella, a former premier and a laissez-faire economist. These men in key cabinet posts might be able to water down the proposed center-left program of the projected government.

Moro fears, moreover, that Amintore Fanfani, who favors a center-left government and him-

self headed the first one, may try to torpedo negotiations or bring down a new government if he is left out of it.

Both Moro and Giuseppe Saragat, leader of the Democratic Socialists, are apprehensive about the success of the negotiations. However, they and Oronzo Reale--leader of the Republican Party, the fourth prospective coalition partner--have expressed the view that the Socialist Party's October congress was "positive" about collaboration. 25X1

The order in which the major problems are to be discussed in the coalition talks presents another difficulty. 25X1

Moro hoped to put off the controversial issue of a multilateral nuclear force until agreement is reached on the government's domestic program and on cabinet portfolios. Socialist Riccardo Lombardi, on the other hand, has been anxious to discuss the MLF before the other questions. Socialist leaders insist that they do not oppose MLF in principle but add that they could not bring their party to vote for such additional military commitments during the first few months of a center-left government.

Meanwhile, a half-day strike in the Rome area on 12 November was staged without incident by the Communist-controlled labor federation to protest the high cost of living. The Communists may use this tactic again, particularly if the issue of Socialist-Communist relations becomes a main stumbling block in the cabinet negotiations. 25X1

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**Europe**

**AREA NOTES**

**Greece:** George Papandreou, leader of Greece's Center Union (EK) party, is attempting, against formidable obstacles, to win acceptable parliamentary support for his minority government. He faces his first vote of confidence on 11 December.

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Former Premier Karamanlis' re-establishment of party discipline in his still-powerful National Radical Union (ERE) reduces Papandreou's chances of obtaining from this source the votes he needs. He may therefore have to rely on the pro-Communist United Democratic Left (EDA), whose 30 deputies would provide strength enough for a working majority. This, however, would be an unwelcome choice for Papandreou, since it could estrange the right wing of his own party if the collaboration should extend beyond the vote of confidence. Moreover, any EK-EDA arrangement which deferred to EDA's wishes in legislative matters would alarm the country's military leaders.

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Western Hemisphere

**CONTROVERSY OVER ARGENTINE OIL CONTRACTS**

President Illia intends to initiate action soon to annul Argentina's petroleum contracts with US and other foreign companies, as his party has promised for five years. Renegotiating the contracts will be more difficult now because of strong nationalist attacks and the adverse reaction to a US Senate proposal to cut off US aid if Argentina acts against the oil companies without "speedy" compensation.

The contracts are part of ex-President Frondizi's petroleum development program launched in July 1958. They vary as to degree of investment risk and in size, duration, and type, providing for services, drilling, exploration, or production. US, British, Italian, and even private Argentine firms are involved. US contracts are valued at approximately \$250 million.

Widespread Argentine contention that the contracts are illegal is based mainly on Frondizi's failure to have them ratified by congress or approved by the State Oil Company board. The lack of open bidding and deepening distrust of Frondizi's honesty before he was ousted in March 1962 reinforce this contention. While nationalism is an important factor, effective opposition to the contracts

is directed more at the "wrong-doing" of the Frondizi regime than at the companies. This accounts for the one-sided rationalization that annulling the contracts is an internal matter not subject to outside threats.

Moderates have tried to warn that action against the contracts, which the companies signed in good faith, will discourage much-needed foreign investment and hamper petroleum development.

Since most Argentines believe that Illia could not remain in office without making some gesture toward nullification --his party's main campaign promise--the main debate centers on the timing and type of action. Prior to his inauguration on 12 October, Illia suggested that the government and the oil companies negotiate new working arrangements prior to any annulment. Since then, however, nationalists led by Vice President Perette have exerted increasing pressure for quick action.

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Western Hemisphere

AREA NOTES

Latin American Communist Youth: Most of Latin America's Communist youth organizations will be represented at a meeting in Montevideo in late November to discuss the position they should take on the Sino-Soviet dispute, [REDACTED]

[REDACTED] Their purpose is to achieve a united stand prior to the prospective March 1964 Latin American Youth Congress (LAYC), although their ultimate hope is that the subject of the Sino-Soviet dispute will not be raised there.

LAYC, a Cuban-sponsored effort originally scheduled for last August in Santiago, Chile was put off because of problems in organizing it. Since the Chilean Government reportedly now objects to having the congress in Santiago, it seems likely that, if LAYC meets at all, it will be in Brazil, where the Cubans believe "more favorable elements" are in power.

Surinam: The political situation in this semiautonomous Dutch dependency has been unstable since 4 November when the four-party government resigned after a disagreement over bauxite mining concessions (bauxite accounts for 80 percent of Surinam's total exports).

Minister-President Pengel, who heads the dominant Surinam National Party, failed to push through the legislature a contract granting mining rights to a US company for joint exploration with the Surinam Government.



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The major opponent of the measure was Surinam's second largest party, the United Hindustani Party, which wants the concession to go to another company and has long sought an issue to challenge Pengel's power. Pengel also lost the support of a faction of his own party. When a new government is formed, it is likely that it will be a relatively conservative coalition similar to the previous one. [REDACTED]

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