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21 September 1959

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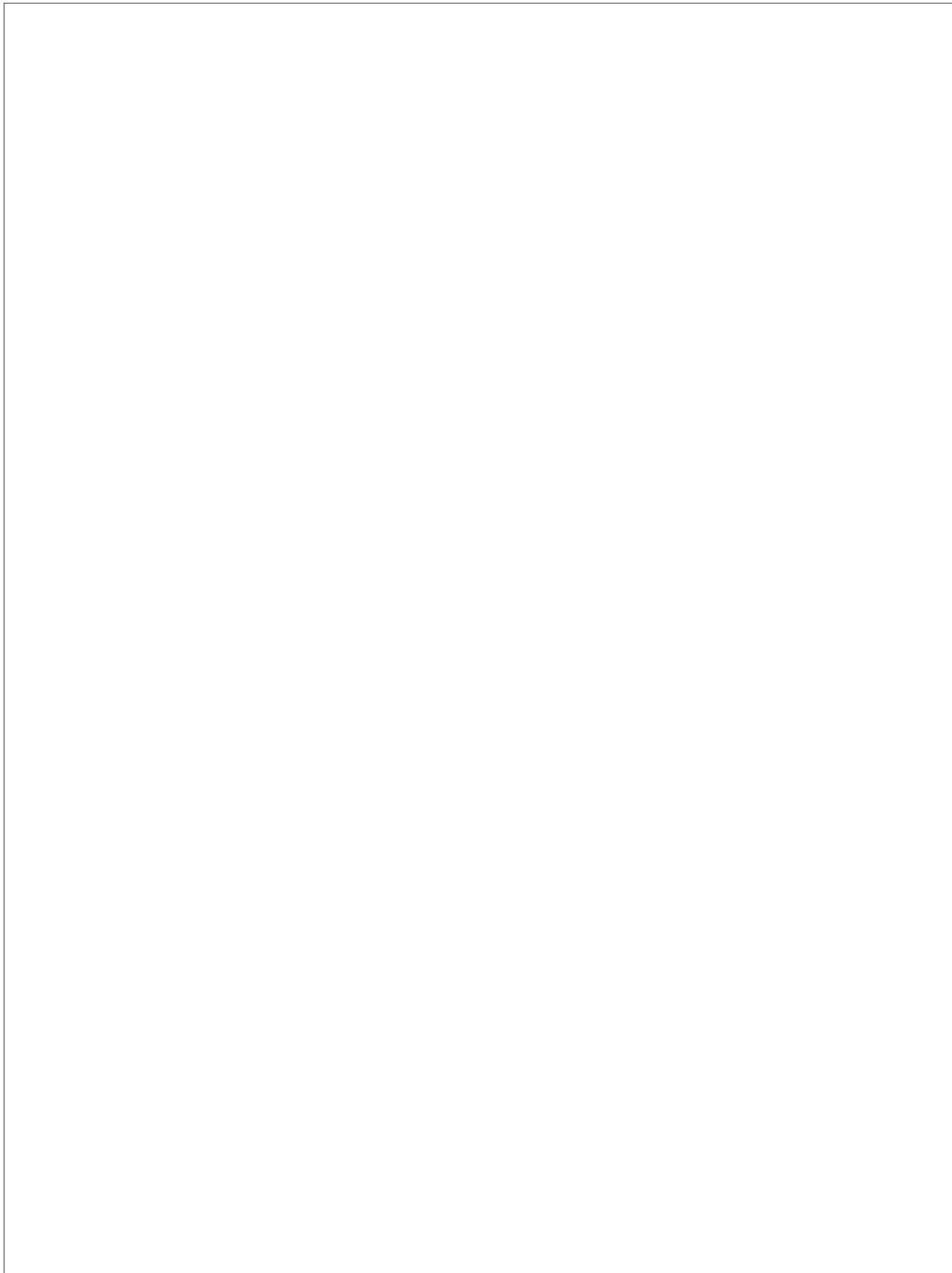
CENTRAL INTELLIGENCE BULLETIN



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21 SEPTEMBER 1959

I. THE COMMUNIST BLOC

Chinese Communists anxious to begin talks with India on border dispute.

Peking apparently will not soften its adamant position on resuming trade with Japan.

Khrushchev's disarmament proposals draw cautious Free World comment.

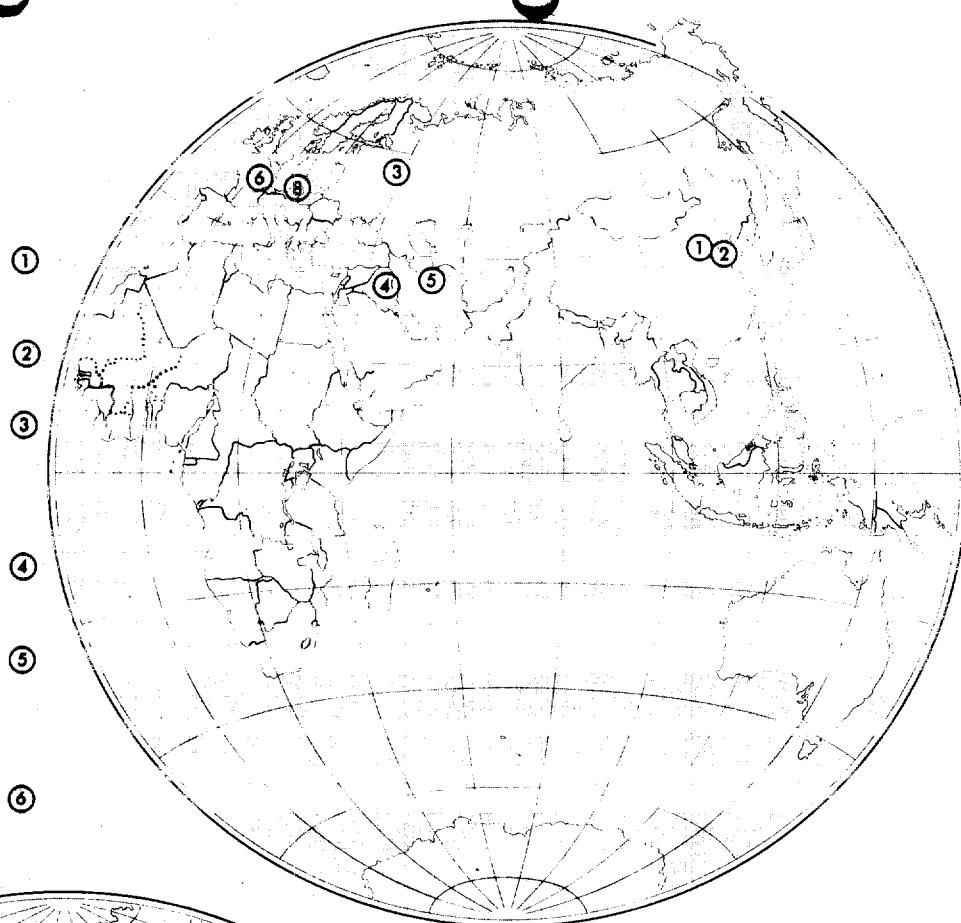
II. ASIA-AFRICA

Executions in Iraq may spark coup attempt.

Possible Iranian-Soviet agreement would preclude US missile bases in Iran.

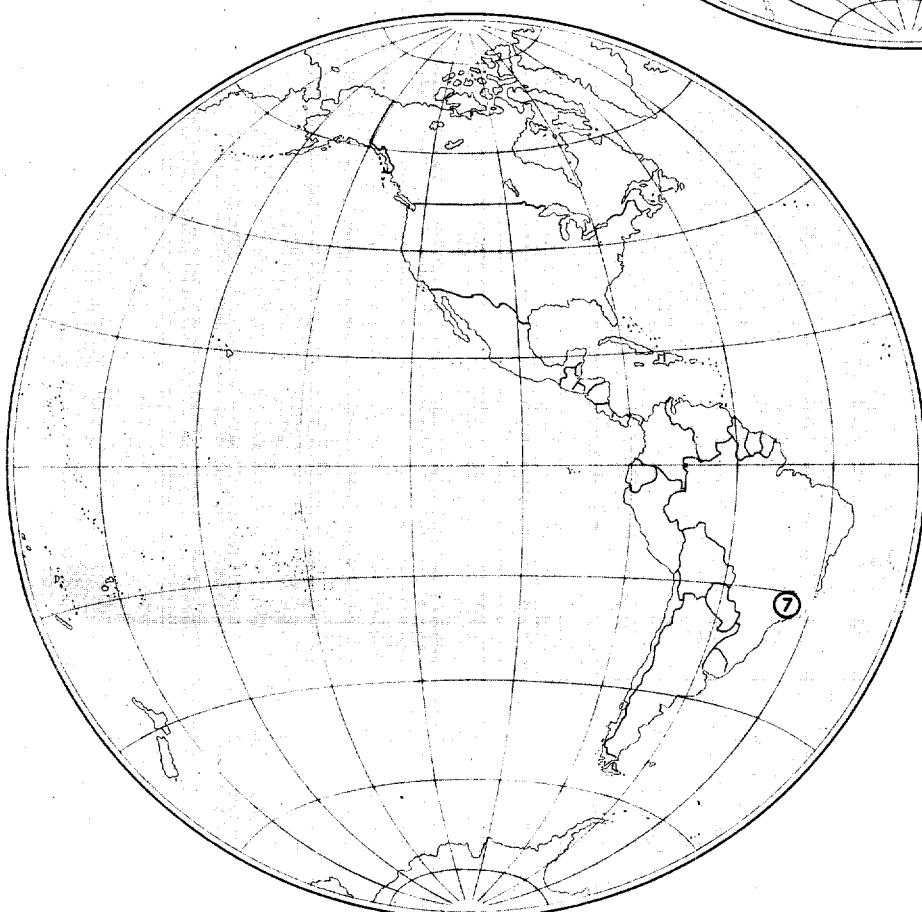
III. THE WEST

Reactions abroad to De Gaulle's Algerian statement.



(7) Brazil may negotiate large-scale barter agreement with USSR.

(8) Austrian Foreign Minister may touch on South Tirol issue in UN speech; Italians would regard such allusion as provocative.

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CENTRAL INTELLIGENCE BULLETIN

21 September 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

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 Communist China - India: Peiping is clearly anxious to end the recent exchange of accusations with New Delhi concerning the border dispute and to begin talks on the issue.

*delete 2 & 3rd
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 In P 3 delete
 I do not agree
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 to protest nego-
 ration for an
 over-all settlement*

the Chinese believe "preliminary negotiations may be started" with India concerning a number of places along the frontier despite New Delhi's refusal to discuss the "entire" border. In order to improve the atmosphere, Peiping's propaganda media have been silent on the border issue since 16 September.

(Page 1) *3*

Communist China - Japan:

OK
 Communist China is not planning to soften its adamant stand against resumption of trade with Japan. political relations "should not be separated" from economic matters and warned that normal Sino-Japanese relations will not develop until Tokyo "frees itself from outside interference," discards its hostility to Peiping, and refrains from joining in any 'two Chinas' policy. These statements reflect Peiping's apprehension that ending the embargo on trade with Japan at this time could be exploited by Prime Minister Kishi as a victory for his unyielding China policy.

No
 several days of conferences with Chinese leaders. At the time of the discussions, a Chinese official complained that Ishibashi was expressing views that were "exactly the opinion of the Kishi government."

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OK

Reactions to Khrushchev's disarmament proposals: Non-Communist comment on Khrushchev's disarmament proposals has been generally cautious. Official comment, while frequently expressing skepticism, has assured that the proposals will be carefully studied. Influential West European information media are stressing the propagandistic nature of the proposals and are critical of the absence of provisions for effective control. Nasir has lauded the proposals as consistent with long-standing desires of the Arab world, and they have received top billing in Iraq. Socialist and leftist elements in Japan, the United Kingdom, Australia, Italy, and elsewhere, urge that fullest consideration be given the proposals "as the best hope remaining in the world, but to this enthusiastic response is sometimes added the hope that Khrushchev is ready to accept an effective inspection and control mechanism.

II. ASIA-AFRICA

OK

Iraq: The execution on 20 September of Brigadier Tabaqchali and twelve other army officers for association with the Mosul revolt last spring may spark a coup attempt by "nationalist" anti-Communist elements, despite the probability that the dissidents are not well organized or coordinated. Four civilians associated with the security apparatus of the old regime were hanged at the same time, possibly in an effort to demonstrate that Qasim deals with all "traitors" impartially. Colonel Mahdawi, head of the "people's court" which tried Tabaqchali, and his henchman, chief prosecutor Colonel Amin, left Baghdad early on 20 September for a visit to Communist China.

possible internal movements against the Iraqi regime, and a popular demonstration against the executions was reported to have occurred in Baghdad on the morning of 20 September.

OK

Iran: The President of the Iranian Senate, Reza Hekmat, representing moderate nationalist opinion in Iran, reportedly expects that a Soviet-Iranian agreement will be signed which will

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(preclude the construction of American missile bases on Iranian soil. Highly critical of trends in Iranian domestic affairs, Hekmat believes that, unless Iran begins immediately to develop a responsible parliamentary government, it will suffer a Baghdad-type revolution.)

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III. THE WEST

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France-Algeria: Favorable reaction abroad to De Gaulle's 17 September proposals on Algeria, which were aimed partly at Free World countries whose support he is seeking for France's position in the United Nations, are thus far centered largely in Western Europe. In Latin America, where Paris had particularly hoped to retain support or to win over several countries--Cuba, Chile, Uruguay, and Venezuela--which have indicated they would probably vote against France, the impact of the De Gaulle speech was considerably diminished because of preoccupation with Khrushchev's visit to the United States. Many important "neutrals" such as India are likely to await the Algerian rebels' reply to De Gaulle's proposals before taking a stand. The rebel government is now meeting in Tunis. Communist bloc reaction has been generally negative but to date has been expressed primarily in low-level propaganda commentary.

(Page 4)

Brazil: The government may send a trade mission to Moscow this week to negotiate a large-scale barter agreement involving Soviet petroleum,

JK The amount involved may be as much as \$100,000,000, about half of Brazil's annual oil import requirements. The USSR has offered Brazil smaller amounts of oil several times in the past year and during the summer reportedly offered to buy large amounts of coffee as part of its continuing effort to conclude a trade treaty. Several high-ranking Brazilian officials are opposed to large-scale transactions with the USSR, but President Kubitschek may believe it offers the only politically feasible solution to the country's severe foreign exchange difficulties.

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OK

South Tirol: (Renewed tension between Austria and Italy seems likely to result from Austrian Foreign Minister Kreisky's declared intention of referring to the South Tirol dispute as an "important subject" in his forthcoming address to the UN General Assembly. Although Kreisky has offered assurances to American officials in Vienna that his speech will be moderate he has [redacted] stated he will make it clear that resolution of the South Tirol problem is essential to the peace of this area of Europe. Even a moderate reference in the UN to the problems of the South Tirol will probably strike the Italians as provocative.)

(Page 7).

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I. THE COMMUNIST BLOC

Peiping Anxious to Start Negotiations With New Delhi On Border Dispute

The Chinese Communists are clearly anxious to end the exchange of accusations with New Delhi concerning the border dispute and to begin talks on the issue.

[redacted] the Chinese believe "preliminary negotiations may be started" with India concerning a number of places along the frontier despite New Delhi's refusal to discuss the "entire" border. Chi probably intended his remarks to be passed on to Prime Minister Nehru during his visit to Afghanistan.

[redacted] he was ready for a meeting with Nehru to discuss the border dispute,

In order to improve the atmosphere, Peiping's propaganda media have been completely silent on the border issue since 16 September. Communist China's last comment on the issue--a People's Daily editorial of that date--asserted that the Chinese had been reluctant to hit back at Nehru's charges, but had done so primarily because Peiping did not want to appear "weak." The editorial suggested in moderate language that India cease its "anti-China agitation." The Chinese Communists probably also hope that an abatement in public recriminations will help to dispel the notion that they are preparing for an aggressive adventure against India and Nepal.

Peiping's position is that "provisional agreements on isolated places" can be reached promptly, and prior to an over-all settlement of the boundary between China and India which it probably feels will be achieved only after protracted negotiations. The provisional agreements would be designed to remove the immediate source of friction between the two countries. Peiping has asked

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that Indian troops be withdrawn "from all places within Chinese territory which they have invaded and occupied," but has not made such withdrawal a condition for beginning negotiations.

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II. ASIA-AFRICA

Iranian Parliamentary Leader Predicts Iran Will Sign Agreement With USSR

(The president of the Iranian Senate, Reza Hekmat is reported [redacted] to expect that a Soviet-Iranian agreement will be signed which will preclude American missile bases in Iran. Hekmat, who is a member of one of Iran's leading families and whose thinking is probably representative of many moderate Iranian nationalists, charges that the Shah regards his dealings with the Soviet Union as his own personal affair. Despite the Shah's air of firmness toward the USSR in recent talks with Western representatives, there is widespread anticipation that some type of Soviet-Iranian rapprochement will be reached in the near future.) [redacted]

(Possibly connected with future Soviet-Iranian discussions is the expected arrival in Tehran on 28 September of an unidentified traveler from Moscow [redacted])

Soviet Ambassador Pegov arrived back in Tehran on 16 September as scheduled.)

(Hekmat also views domestic trends in Iran with considerable alarm and reportedly believes that, unless the Shah begins immediately to develop a responsible parliamentary government, Iran will experience a Baghdad-type revolution. Hekmat, like many of the Shah's "loyal subjects," is trying to find and identify himself with the "strong military man" who will head the government to succeed the Shah.) [redacted]

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III. THE WEST

Reaction to De Gaulle's Proposals on Algeria

Favorable official reaction to French President de Gaulle's proposals of 17 September for an Algerian solution has thus far been confined mostly to France's NATO allies, who in varying degrees have welcomed it as a "step in the right direction" which will facilitate their support of France in the United Nations debate on Algeria.

(A British Foreign Office spokesman left the impression with US representatives that the United Kingdom is prepared to support De Gaulle's proposals and is hopeful of a UN resolution on Algeria favorable to France. Canadian representatives in London share this view, a Greek representative in London thought that the proposals would "ease" Greece's position in the United Nations, although the opposition in Athens is said to be taking advantage of the proposals to taunt the Greek Government for having accepted an "unsatisfactory" Cyprus settlement.

[redacted] West German Chancellor Adenauer characterized De Gaulle's speech as "wonderful," though the official press comment was considerably more restrained. The Italian Foreign Ministry has reportedly recommended that Foreign Minister Pella accept the speech as evidence of a progressive policy justifying continued Italian support of France. The American Embassy in Rome expects, however, that there will be "sniping" from center-left elements, including oil magnate Enrico Mattei, who are "interested in influencing Arabs and of avoiding the colonialist label." Most other official comment in Western Europe is privately favorable, but officially restrained.

In Latin America, where Paris had particularly hoped to retain support in the UN or to win over several countries--such as Cuba, Chile, Uruguay, and Venezuela--which had indicated they would probably vote against France this year, the impact of De Gaulle's proposals was considerably diminished by preoccupation with Khrushchev's visit to the United States. There are few indications of official thinking. The acting foreign minister of Uruguay

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has commented [redacted] that he felt the speech did not change the situation much. In traditionally pro-French Brazil, the government must take into account important Syrian and Lebanese minorities and general public sympathy for Algerian independence.

Reaction is scant in free Asia and Africa, with such important "neutrals" as India apparently awaiting the Algerian rebels' reply to the proposals following the rebel government meeting now being held in Tunis.

Arab reaction, though sharply critical except in Tunisia, also appears to be played down pending the rebel pronouncement expected early this week. Communist bloc reaction has been negative and generally confined to low-level propaganda expressions. In the strongest statement to date, Moscow in a broadcast of 19 September charged that the speech supports the conviction that De Gaulle favors continuing the war. Peiping on 19 September characterized the proposals as "deceptive."

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~~SECRET~~Brazilian-Soviet Trade Negotiations

President Kubitschek has asked the chief of Brazil's National Petroleum Council (NPC) to be a member of a "negotiating mission" which may leave for Moscow this week to discuss a large-scale barter agreement involving Soviet petroleum. [redacted] The amount involved may be as much as \$100,000,000.

[redacted] The NPC reportedly is drawing up a memorandum opposing the transaction, probably because Soviet oil in trial shipments earlier this year proved unsuitable for processing in government-owned refineries.

President Kubitschek, however, may believe such a deal offers the only politically feasible solution to Brazil's severe foreign exchange difficulties. While Kubitschek appears to have the backing of his new foreign minister, technicians in the Foreign Ministry are not yet persuaded that the transaction would be advantageous. Brazil has been urgently seeking long-term credits from American oil suppliers who normally provide most of the country's \$250,000,000 annual oil import requirements. Dissatisfied with the American counteroffers, the government reportedly has considered forcing the US-owned refineries to process Soviet crude oil.

The USSR has notably stepped up its trade offensive in Brazil during 1959, offering to barter oil, wheat and other products which have been in short supply in Brazil due to foreign exchange problems. Several reports during the past summer indicated that the Soviet Union is willing to accept large quantities of coffee in return. In past talks with the USSR, Brazil has insisted on firm guarantees against resale of coffee in Brazil's traditional markets, apparently without success, and has shipped only small quantities.

[redacted]

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Renewed Tension Over South Tirol Expected to Follow
Austrian UN Move

(Austrian Foreign Minister Kreisky's apparent determination to refer to the South Tirol issue as an "important subject" in his forthcoming address to the UN General Assembly seems likely to raise new obstacles to an early settlement of this long-standing Austrian-Italian territorial dispute. Italy has long considered the South Tirol an internal matter--or at worst, a problem to be resolved in bilateral talks with Austria--and even a moderate reference in the United Nations to the problem will probably strike Rome as provocative.)

(Kreisky has assured American officials in Vienna that his speech will be as "moderate as he can make it," but he is reported to have declared [redacted] that he will make it clear that resolution of the South Tirol problem is essential to peace and tranquillity in that part of Europe. He probably intends to stress the "tragic social-economic situation of the South Tyrolese who are strangers in their own land," and will call for full regional autonomy of the predominantly German-speaking part of the South Tirol. Italy has shown no intention of granting such autonomy, probably feeling this would be followed by demands for full self-determination and return of the area to Austria.)

(Although Kreisky is generally considered a moderate on the issue, he has seemed especially anxious to champion the South Tyrolean cause, and, since he took office in the summer, he has had several conferences with South Tyrolean leaders. He evidently hopes his UN speech will satisfy these leaders and result in further talks with the Italians. [redacted])

[redacted] Kreisky expects no results from these talks, and, in the event of failure, will attempt to inscribe the issue on the agenda for the UN General Assembly's 1960 session. [redacted]
[redacted]

[redacted]

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~~CONFIDENTIAL~~**THE PRESIDENT**

The Vice President

Executive Offices of the White House

Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

Director, National Aeronautics and Space Administration

Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

The Secretary of the Army

The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

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

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

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