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10 June 1958

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CENTRAL INTELLIGENCE BULLETIN

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10 JUNE 1958

I. THE COMMUNIST BLOC

USSR may have new type of improved BISON heavy bomber in early phases of development.

Soviet Union pressing Finland to buy Soviet military equipment on long-term credit.

II. ASIA-AFRICA

Lebanon - Nasir proposes scheme whereby Shihab would displace Chamoun. Both rebel and government forces step up pace of military action.

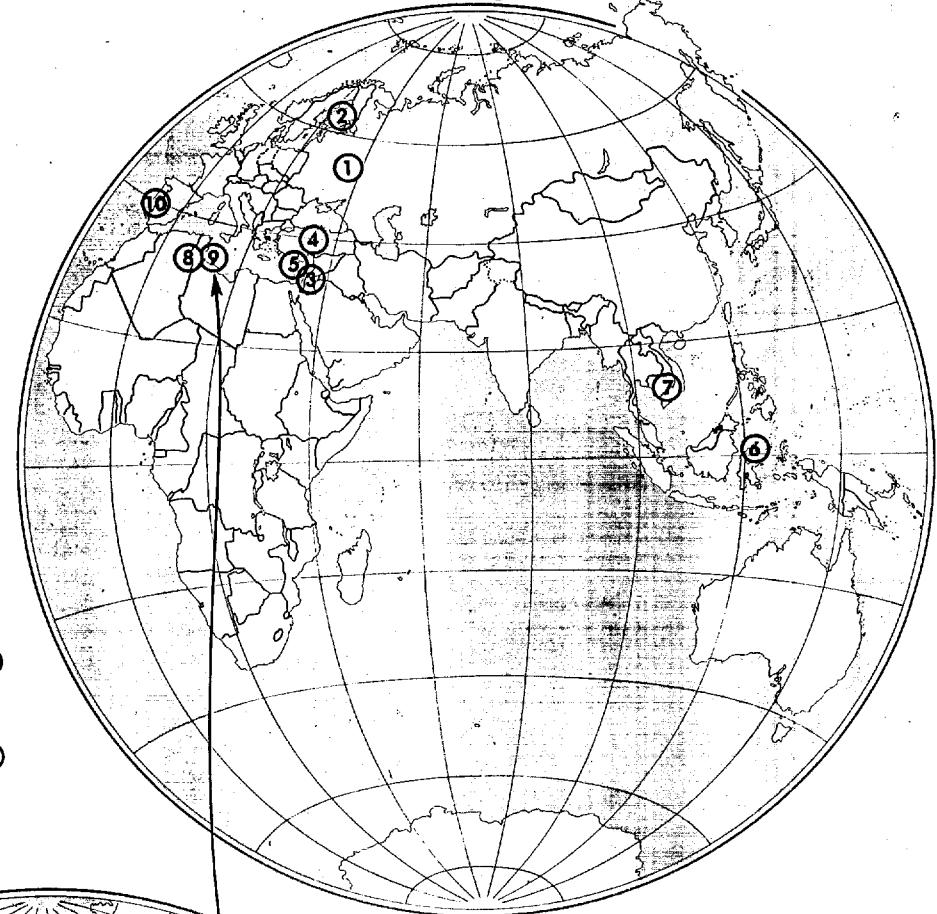
Turkish leaders stress enduring ties with United States, and continue flirting with USSR on economic aid.

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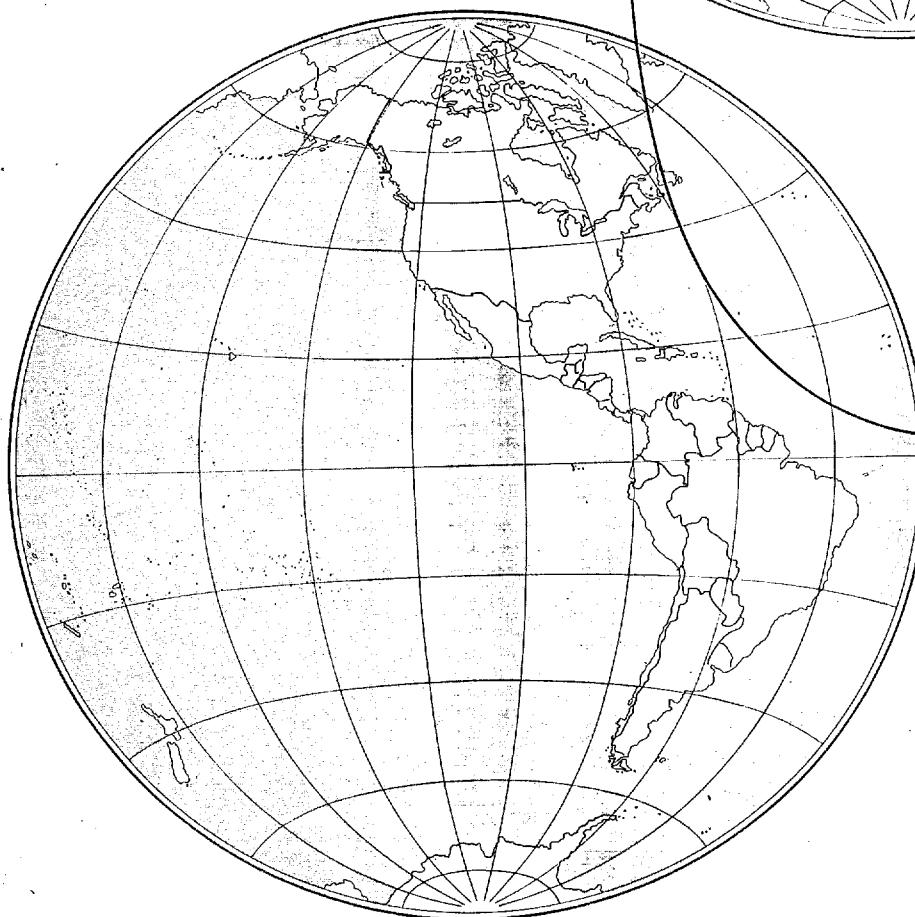
(5) Greek - Turkish relations severely strained by continued communal violence on Cyprus.

(6) Indonesia - Central government ships shelling dissident capital of Menado.

(7) Cambodian - South Vietnamese relations, chronically bad, have worsened recently.

(8) Tunisia requests small arms from Iraq and possibly from UAR.

(9) Tunisia accepts "substantially all" of French proposal on evacuation of troops and Bizerte base issue.

**III. THE WEST**

(10) Portugal - Election results reveal deep dissatisfaction with Salazar regime, which is not in danger, but will be less complacent.

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CENTRAL INTELLIGENCE BULLETIN

10 June 1958

DAILY BRIEF

SKRB

I. THE COMMUNIST BLOC

No

Soviet aircraft production:

[redacted] the unusual movement of five large trucks carrying newly fabricated portions of some large aircraft out of the main assembly area at the Fili aircraft plant in Moscow. Although the aircraft type and configuration cannot be determined from these partially covered components, the possibility exists that this shipment consisted of parts of a new type bomber or portions of an improved BISON-type aircraft. In this connection, Khrushchev stated in April that the USSR would soon unveil "a new and very interesting bomber." [redacted] (Page 1)

yes

USSR-Finland: During Finnish President Kekkonen's recent visit to Moscow, the USSR again pressed the Finns to purchase Soviet jet aircraft, tanks, radar and communications equipment, and naval vessels under a long-term Soviet loan. Negotiations on some of these items are scheduled to begin later this year. [redacted] (Page 2)

No

II. ASIA-AFRICA

*Lebanon: Nasir has urged that the United States either join him or act alone in forcing a "compromise" which would make Lebanese army commander General Shihab prime minister and then president by succeeding Chamoun. Nasir's suggestion may be aimed at blunting UN action against him, and he is probably fully aware that Shihab is willing to accept some

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type of accommodation with the UAR. The Lebanese Army expects a rebel attack on Tripoli soon, and is withdrawing units from the north and using air attacks to disrupt the rebel planning. [REDACTED] (Page 3) (Map)

No

Turkey-USSR: While Prime Minister Menderes is emphasizing the "enduring strength of US-Turkish ties," and in all probability Turkey does not desire to change its basic strategic policy, President Bayar and Foreign Minister Zorlu are pressing the current economic "flirtation" with the USSR. Turkish leaders may be overconfident of their ability to control their relations with the Soviet Union. [REDACTED]

(Page 5)

Yes

Cyprus: Greek-Turkish relations have been severely strained by the communal rioting on Cyprus which continued for the third day on 9 June. Archbishop Makarios has instructed the Greek Cypriots to organize their own defenses against Turkish-Cypriot attacks. [REDACTED] (Page 6)

No

*Indonesia: Menado was under attack by three central government corvettes on 8 June, [REDACTED]

The

same warships had shelled two towns on the North Celebes coast opposite Gorontalo the previous day. [REDACTED]

[REDACTED] the shelling of Menado would be the prelude to an amphibious landing there. [REDACTED]

No

South Vietnam - Cambodia: Relations between these two countries, chronically bad, have worsened in recent weeks as a result of border disputes and numerous economic and political problems. This impedes efforts to develop co-operation against Communism. [REDACTED]

(Page 7) (Map)

No

Tunisia-Iraq-UAR: Tunisia has officially asked Iraq for small arms "no matter what kind or in what quantity,"

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DAILY BRIEF

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according to the Iraqi chargé in Tunis, who believes the Bourguiba government has also made a similar request to the UAR.

yes

*Tunisia - France: Tunisia has accepted "substantially all" of France's proposals of 8 June to evacuate all troops except those in Bizerte if Tunis will agree "in principle" to negotiate the retention by France of its Bizerte base. The Tunisians have balked, however, at giving formal assurances that they will leave the base at the disposal of French forces. Their counterproposal is to open negotiations for a provisional agreement on Bizerte before 1 October--when virtually all French forces outside the base would have been evacuated.

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III. THE WEST

yes

Portugal: Unprecedented opposition to the Salazar regime is indicated by the fact that about 20 percent of the voters in the urban areas supported opposition candidate General Delgado. Portuguese authorities have expressed surprise at the strength of the Communist party as revealed during the campaign. As a result of the campaign, the regime will probably be less complacent about its political future, but its stability is by no means threatened.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Possible New Soviet Aircraft Observed

[redacted] a convoy of five trucks carrying newly fabricated portions of some unidentifiable large aircraft out of the Fili aircraft plant in Moscow. Components on the first two trucks were uncovered and appeared to consist of landing-gear doors and control surfaces; those on the remaining three trucks were covered, making identification impossible. One component, possibly a wing-tip assembly, had a "long spike or tube affixed at the small end," of an appearance generally characteristic of the air-speed indicator instrument system of high-performance aircraft. [redacted]

BISON sightings at Fili and test flights of what may be an improved BISON-type aircraft from Moscow/Ramenskoye raise the possibility that these aircraft parts are for an improved BISON. [redacted] Some aspects, however, of this sighting suggest the possibility that these were portions of a new aircraft. The long "spike" is not believed to be a BISON part, and BISONS normally are flown rather than trucked away from Fili. This suggests that rather than attempting operation from the runway at Fili, which is less than 5,000 feet long, the Russians were transporting the observed parts to some more adequate facility for final assembly, as was done with the first BISON prototype.

[redacted]
[redacted] the USSR soon
would unveil "a new and very interesting bomber!" [redacted]

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USSR Presses Finland to Purchase Soviet Arms

During President Kekkonen's recent visit to Moscow, the USSR again pressed the Finns to purchase Soviet jets, tanks, radar and communication equipment, and naval vessels under a long-term loan, [redacted]

[redacted] Kekkonen excluded the possibility of a long-term arms agreement, stating that each arms purchase must be approved by the Finnish cabinet and Parliament.

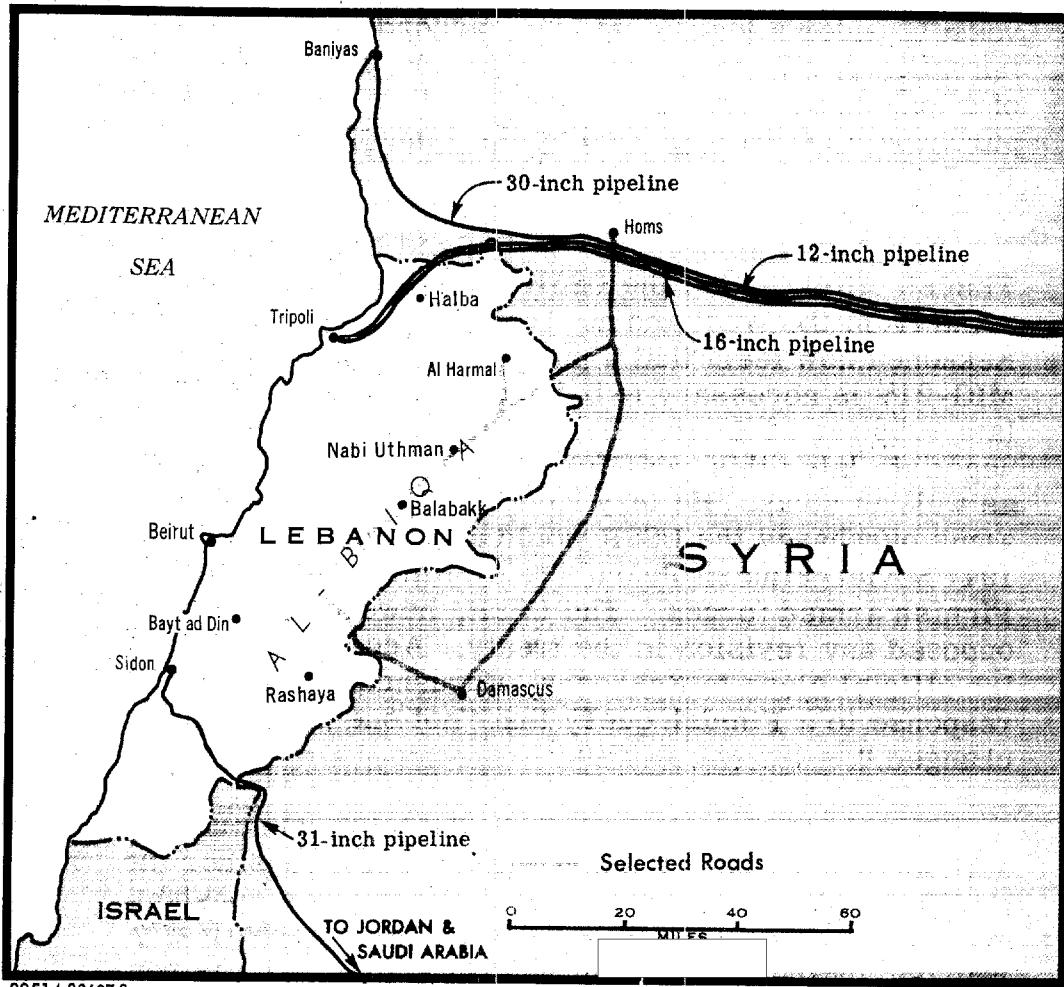
The Soviet ambassador in Finland has in the past told Finnish officials that the USSR deplores Finland's buying arms from the West and not from the East. President Kekkonen now feels that a purchase of 12 MIG-19's or MIG-21's is necessary to balance the contract signed in late 1956 for 12 British Gnat jets, and has agreed to negotiate later this year for the purchase of Soviet jets as well as tanks. He may have hoped that in return for arms purchases the USSR would agree to changes in the 1947 Soviet-Finnish Peace Treaty limiting the size of Finnish armed forces. The USSR, however, adamantly opposed any revision in the treaty. [redacted]

[redacted] Khrushchev declared in response to a Finnish query that "not one period can be changed."

Soviet attempts to include in the joint communiqué statements that both Finland and the USSR consider the NATO membership of Norway and Denmark a constant danger to peace in northern Europe were emphatically rejected by the Finns. Khrushchev's approval was necessary for the revised Soviet text omitting this reference.

[redacted] B-2
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II. ASIA-AFRICA

Lebanese Situation

President Nasir, through intermediaries as well as by personal contact with the American ambassador in Cairo, is increasing pressure for prompt joint US-UAR sponsorship of the settlement he proposes for the Lebanese situation. Leading from what he believes to be a position of strength, Nasir apparently feels a "compromise" settlement at this time would ensure eventual UAR domination of Lebanon.

Nasir's suggested terms include permitting President Chamoun to finish his term, replacement of Prime Minister Suh by army commander General Shihab, and an amnesty for opposition leaders. In return, Nasir claims that all he wants is a "government that will not be hostile" to the UAR. Shihab, he believes, is "the logical man for the presidency." Although professing that his contacts with the Lebanese opposition are not close, Nasir promised to "do his best" to induce them to accept the proposed compromise.

Some idea of Nasir's intentions toward Lebanon can be derived from a statement attributed to him a short time ago when he said an independent Lebanon constituted an "open door to my fortress."

While Nasir denies close contact with the Lebanese opposition, [] orders went from Cairo to Lebanon ordering attacks by the rebels on a front ranging from northern to southern Lebanon.

[] One of Nasir's closest advisers has denounced Chamoun over Cairo radio and promised support for the "glorious Lebanese people" against their "oppressors."

Lebanon has been relatively quiet during the past day, except for some bombs in Beirut. Tripoli is the focal point of military action, and Lebanese Army authorities expect a major attack there by the rebels in

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the near future. Air action is being taken to keep rebel forces disorganized and to forestall the attack. Troops north of Tripoli have been isolated by the rebels and attempts will be made to withdraw these units to Tripoli, thus yielding control of the northern area to the rebels.

Extremist Moslem leader Adnan Hakim openly boasted to an American reporter that he favors union with the UAR and exhibited antitank grenades procured from the UAR. Hakim also bragged of full responsibility for terrorist activities being carried on in Lebanon, and claimed his group included Communists and Baathists.

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Turkish-Soviet Economic Negotiations

Despite Ankara's basic pro-Western orientation and confidence in its ability to keep economic negotiations with the USSR within bounds, Turkey could become over-involved with the USSR despite centuries of experience with the Russians. If Turkey should fall victim to enticing Soviet economic blandishments, it could start a chain reaction of accommodations with the USSR affecting the entire area.

Turkish Government leaders have become desperate over Turkey's long-standing economic crisis. Lack of foreign exchange has created shortages of consumer goods, raw materials, spare parts, and other essential imports. Turkey has requested large-scale interim economic assistance from the United States and West Germany to tide it over until the OEEC and IMF can conclude their present survey and propose a long-term solution of Turkey's economic problems. The USSR is reportedly offering nearly \$300,000,000 in credit. If no other aid is in sight, Ankara will probably accept as long as no special demands are imposed by Moscow. Turkish leaders, however, probably do not appreciate the security implications involved in acceptance of significant amounts of capital equipment from the Soviet bloc.

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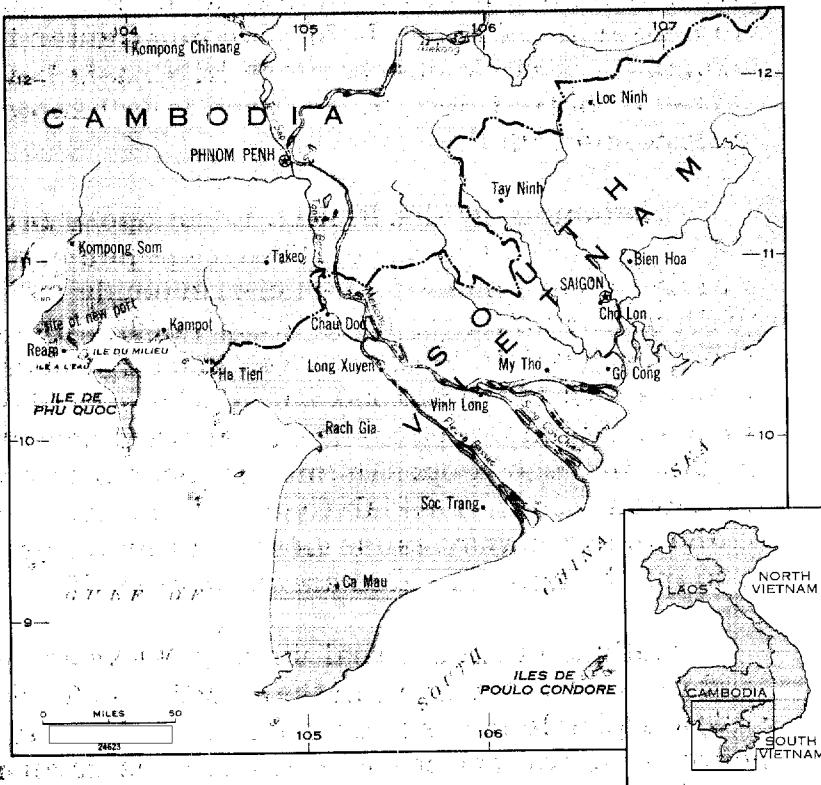
Cyprus Situation

Clashes between Greek and Turkish Cypriots continued on 9 June for the third straight day, and the government imposed new curfews on many cities and towns throughout the island. At least six persons have been killed and more than 100 injured since the explosion of a bomb near the Turkish Information Center in Nicosia on 7 June. [redacted] the bomb may have been thrown by Turks in full knowledge that violence would follow.

Attempts by the British to reimpose order on Cyprus are complicated by the fact that the police are composed largely of Turkish Cypriots, previously unreliable for quelling Turkish-Cypriot mobs. In addition, Governor Foot may hesitate to act vigorously against demonstrators on the eve of the announcement of a new British proposal for settling the Cyprus issue. Fear and uncertainty regarding these proposals may have been prime causes for the violence by Turkish Cypriots. The present situation on the island may cause London to alter its previous plans to make the anticipated announcement by 17 June.

Continued communal violence on Cyprus could easily lead to incidents against the minorities in Turkey or Greece, with a probable subsequent break in diplomatic relations between the two nations. In Athens, the government has asked for a meeting of the NATO Council, has protested Turkish-Cypriot action to London and Washington, is not permitting the Greek ambassador to return to Ankara, and has indicated anxiety over rumored Turkish troop movements on the Anatolian coast opposite Cyprus. [redacted]

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Relations Between Cambodia and South Vietnam Deteriorating

The chronic poor relations between Cambodia and South Vietnam have deteriorated seriously in recent weeks as a result of cumulative grievances over border disputes and over political and economic issues. The growing ill will between the two countries was sharpened on 29 May by a South Vietnamese notification that Cambodian naval shipping would thereafter not be permitted to transit the lower Mekong River without prior authorization. Since the temporary Vietnamese embargo on Cambodian goods in early 1956, Cambodia has smarted over its dependence on Vietnamese waters as a shipping outlet to the sea.

Ultranationalism, aggravated by personality clashes between Vietnamese President Diem and Cambodian Crown Prince Sihanouk, has frustrated sporadic attempts to settle mutual differences despite the fact that both governments recognize this would be in their best interests. Communist propaganda, moreover, has encouraged Cambodia's inclination to attribute its troubles with South Vietnam to Western-directed pressure to abandon neutrality and join SEATO.

Continuing tensions between Cambodia and South Vietnam are hampering efforts in both countries to combat Communist subversion, and also undermine a regional posture against Communism. In addition, the Communist bloc stands to benefit psychologically if Cambodia carries out its threat to air its grievances against South Vietnam in the United Nations.

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Tunisia Accepts Most of French Evacuation Proposals

Tunisia has accepted "substantially all" of France's proposals of 8 June, according to French chargé Benard. The new proposals included an offer to withdraw from Tunisia within four months the 9,000 French troops outside Bizerte, if Tunis will agree "in principle" to negotiate French retention of the Bizerte base and to allow the 13,000 French troops in the base area to circulate freely. Benard states that the Tunisian Government is willing to grant immediate freedom of movement between various French installations in the Bizerte area once evacuation begins. The Tunisians, however, have balked at giving written assurances that Bizerte will remain at the disposal of French forces, and have made a counterproposal to enter into negotiations for a provisional agreement regarding Bizerte before 1 October--when virtually all French forces outside the base would have been evacuated.

French officials in Paris informed the American Embassy on 7 June that they were prepared to agree to all essential elements of the Anglo-American "good offices" proposals of 15 March. The good offices recommendations proposed re-establishment in two phases of French-Tunisian negotiations disrupted by the Sakiet Sidi Youssef bombing on 8 February. The first phase provided, among other things, for the evacuation of all French forces outside Bizerte and stationing of neutral observers who would report to the American and British ambassadors, at evacuated airfields in southern Tunisia. The second phase provided that a provisional regime for the Bizerte base would be defined by mutual agreement in conversations which might be conducted simultaneously with the evacuation of troops stationed elsewhere in Tunisia.

While the new French proposal appears in large measure to meet Bourguiba's objections to French demarches of late May, he will continue to be under heavy popular pressure for total evacuation. He probably will again ask the United States and Britain to indicate their willingness to continue their good offices should there be new difficulties with France.

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III. THE WEST

Extent of Unrest in Portugal Causing Concern in Lisbon

The intensity of popular dissatisfaction shown during Portugal's 8 June presidential election campaign has caused general surprise in Lisbon. Premier Salazar himself, whom the American Embassy in Lisbon describes as "unquestionably greatly shaken" by popular manifestations against the regime, admitted at a public rally of his party at the end of the campaign that reforms may be necessary to meet this discontent. Many persons are said to feel that opposition candidate General Humberto Delgado would have won a free election.

The small, illegal Portuguese Communist party is reportedly exploiting the unrest to the fullest. Officials of the state security police are reported surprised at the party's strength and organization. Mass demonstrations which the Communists hoped to stage on election night did not materialize. Nevertheless, the party has reportedly issued instructions to have arms available to support any popular violence against the government.

The regime's expressed determination to use all available means to re-establish pre-electoral tranquility is likely to intensify friction among top government factions. This may come to the surface during the next few weeks when anticipated cabinet changes are made. Nevertheless, the government will almost certainly be able to control any disorders.

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