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## 1. CHIANG NOTES CHANGE IN THAI AND PHILIPPINE ATTITUDE TOWARD TAIPEI

In conversation with the American ambassador in Taipei on 22 November, Chiang Kai-shek observed that during recent months there had been a distinct cooling toward Nationalist China on the part of the Philippine and Thai governments.

Chiang remarked that continuation of the Johnson-Wang talks in Geneva was strengthening the impression that the United States was moving toward recognition of Communist China. During the visit to Manila of the Chinese Nationalist foreign minister in early November, Philippine officials had expressed the opinion that American recognition of Peiping was "only a matter of time."

The foreign minister also attached significance to the recent personnel shift which leaves Thailand represented in Taipei merely by a second secretary.

Comment There have been a number of recent reports from Bangkok indicating that some Thai officials, including the premier, are considering a modification of Thailand's "tough" policy toward Communist China.

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## 2. USSR REPORTEDLY TO MAKE "SPECTACULAR" MOVES TOWARD GREECE

[redacted] [redacted]  
[redacted] the Greek government has "increasing evidence" the USSR is preparing to make "spectacular gestures" toward Greece, [redacted]  
[redacted] These moves will be timed to bolster the leftist vote in the February election.

[redacted]  
[redacted] the Soviet ambassador intended to announce publicly "within a few days" that the USSR would support Greek irredentist claims and guarantee Greek borders in return for Greek neutrality.

Comment                  Greece, as a member of both the Balkan pact and NATO, has for some time been regarded by Moscow as a promising field for encouraging neutralist influences.

Among the moves the USSR might make is a new statement of full Soviet support for Greek ambitions regarding Cyprus--possibly including a suggestion that the Cyprus issue be brought up in the UN Security Council. The USSR might also offer to intercede with Bulgaria to settle its \$40,000,000 reparations bill to Greece.

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**3. KING SAUD DENIES CONCLUDING ARMS DEAL WITH SOVIET BLOC**

King Saud of Saudi Arabia has asserted

that he has not concluded a deal for arms from the Soviet bloc. The king implied that reports to the contrary are inspired by the British, presumably in the hope that doubts about Saud's intentions would lead the United States to refuse to sell him arms.

**Comment**

Although Saudi money is almost certainly available to Egypt and Syria for their arms negotiations with the Soviet bloc, Saud may prefer to stay on good terms with the United States at this time. Saudi thinking is reflected

advising him to avoid a meeting with Soviet leaders while he is visiting India since such a meeting might be exploited by the British to "alienate us from the Americans." The Saudis have urgently sought American support since British-led forces occupied the Buraimi area on 26 October.

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#### 4. MEETING OF BAGHDAD PACT NATIONS

The organizational meeting of the Baghdad pact nations--Pakistan, Iran, Iraq, Turkey, and Britain--on 21 and 22 November established permanent political, economic and military committees.

At the Baghdad meeting, Turkey urged the establishment of a permanent planning staff as a first step toward a unified military command but was outvoted on the grounds that such a step was premature. An ad hoc military committee has been set up to make preliminary studies of the military situation in the Middle East.

All the participating countries showed a desire to produce an effective area defense organization. However, continuing encouragement and support from the Western powers will be necessary to ensure the effectiveness of the new organization. Iraq, politically the weakest country in the pact, will be under continuing pressure from the Arab states to abandon the alliance. Unless the pact shows strength from the outset, Iraq will probably not be able to resist such pressure and may give in to Egyptian influence.

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## 5. BRITAIN UNWILLING TO EXPAND ARMS AID TO JORDAN

[redacted] Britain will inform Amman that it cannot agree to arm additional Jordanian divisions in return for Jordan's adherence to the Baghdad pact, according to the American embassy in London.

The Foreign Office emphasized that the recent gift of ten Vampire planes was not made as an inducement to join the pact.

Britain will renew its offer to revise the Anglo-Jordanian treaty if Jordan joins the pact and will assure Jordan that other pact members would then be interested in seeing Jordan's legitimate military needs fulfilled.

Comment	Jordan had requested arms for at least one infantry division and one armored division. London probably believes that Jordanian adherence to the pact, although desirable, does not warrant such an expensive inducement at this time.
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**6. CONTINUED UNREST IN MOROCCO PROBABLE**

The American consul general in Rabat reports that propaganda leaflets have been distributed in Morocco by resistance groups acting under orders of the Liberation Army of Arab North Africa.

The leaflets assert that the return of Sultan ben Youssef is not a final victory, which can come only when France proclaims the independence of Morocco.

Comment

Terrorism can be expected to continue and may expand

who agreed to continue North African resistance. The Arab League [redacted] agreed to spend \$287,000 for these activities.

## 7. TENSION WITHIN BRAZILIAN MILITARY INCREASES

The arrest of General Azambuja Brilhante by forces backing War Minister Lott and their temporary detention of General Juarez Tavora, the army's candidate in the 3 October election, have increased tension in the Brazilian War Ministry. The refusal of the Lott forces to allow Café Filho to resume the presidency is unquestionably less palatable in the armed forces than the 10 November "preventive coup," according to the American army attaché in Rio de Janeiro.

### Comment

[redacted] there was no indication of plans for military action by forces opposed to Lott. Nevertheless, the administration's recourse to a state of siege to prevent Café Filho from appealing to the Supreme Court has enhanced the moral and legal position of the anti-Kubitschek forces, and they can be expected to reassess their strength in the hope that a seizure of power may be possible.

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**THE ARAB-ISRAELI SITUATION**  
(Information as of 1700, 24 November)

Reports from Jerusalem and Tel Aviv indicate that Israel may be preparing for retaliatory attacks against Egyptian-operated terrorist bases. On 21 November Israel issued strong statements listing incidents which have occurred in Israel over the past month and laying the principal responsibility for them on Egypt. The statements charged Egypt with "open hostility." (Press)

The Israeli Foreign Ministry informed American officials in Tel Aviv that these statements should be interpreted as a warning to Egypt that unless the activities of marauders stopped, Israel would find it necessary to take action. The embassy comments that Israel, in line with its previous actions, is probably establishing the rationale for retaliation.

According to 24 November press reports, Israel has ordered its United Nations delegation to protest to the Security Council in order to bring to its attention the 'unbroken chain of attacks on Israel by Egypt.' (Press)

General Burns has informed American officials that [redacted] the Egyptian military attaché in Amman is directing the Jordan-based terrorist operations in Israel. Israel has long contended that Egyptian attachés in the surrounding Arab states were directing terrorist activity against Israel. Burns added that Jordanian officials were at a loss as to how to handle the situation, as they were afraid to oppose Egypt or to interfere with the 'patriotic efforts of the Palestinians.'

A further indication of Moscow's continued interest in Middle East affairs was a press report from Cairo that Soviet ambassador to Egypt Solod visited Arab League headquarters for the first time on 23 November. Solod reportedly discussed the general international situation and inquired about the Arab attitude toward British prime minister Eden's proposals for a Palestine settlement and the Buraimi dispute between Saudi Arabia and Britain. (Press)

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The Soviet Union is offering to have Skoda of Czechoslovakia build an arms factory or factories in Egypt when "the Egyptian steel plant" is ready for operation, [redacted]

Egypt began construction at Helwan near Cairo in late 1954 of a large installation comprising a steelworks, foundry and rolling mill. A nonferrous metal works is already in operation there and a factory for producing artillery shell and cartridge casings is nearing completion. [redacted]

[redacted] Czechoslovakia had agreed to construct a "jet aircraft factory" in Egypt. The British de Havilland firm built an aircraft assembly plant at Helwan in 1952, but the plant never produced any jet planes. Czechoslovakia might undertake partial re-equipment of this plant and assign technicians there to assist in the assembly and major maintenance of MIG aircraft. [redacted]

[redacted] Czechoslovakia had offered a "factory" for making the casings of mortar shells and aircraft bombs. [redacted]

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