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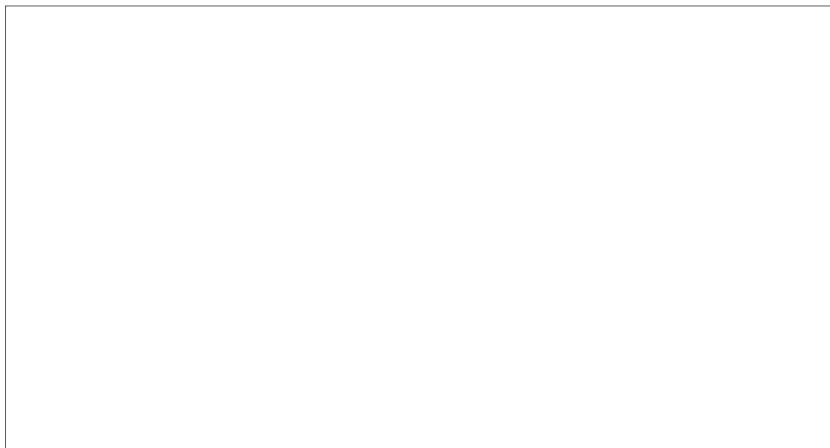
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## OFFICE OF CURRENT INTELLIGENCE CENTRAL INTELLIGENCE AGENCY

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~~SECRET~~**1. SYRIAN GENDARMERIE POST ATTACKED**

Comment              The village involved is in the turbulent Jabal Druze area. In the past the Druze have been British protégés, and last winter the region was the base for an abortive Iraqi-inspired plot against the Syrian government.

Any trouble in this area will serve as an excuse for the present Syrian military junta to reimpose martial law throughout the country, as well as an excuse for further charges of American plotting.

Forceful repression of Druze discontent could lead to the disaffection of the numerous Druze officers in the Syrian army. The incident may be the beginning of retaliatory measures inspired by Jordanian King Hussain as a consequence of mounting covert Syrian efforts to harass and weaken Hussain's regime. Hussain told Ambassador Mallory on 14 August that many Syrians were offering to come to Jordan to aid in the campaign against the leftist regime in Syria and expressed the conviction that the situation there would soon change.

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## 2. LEBANESE ALARM OVER SYRIA

[Redacted]

Lebanese Foreign Minister Malik told the American ambassador in Beirut on 16 August that developments in Syria pose a grave security threat to Lebanon.

Malik said he was not afraid of overt aggression, which would be met by an immediate call for American assistance, but of internal subversion. He stated that Lebanon is being overrun by Syrian agents and that the situation in Tripoli and Sidon, terminals of the pipelines from Iraq and Saudi Arabia, is such that Lebanese authorities can hardly cope with it. The foreign minister believes that, as a result of Communist control in Syria, the situation will rapidly worsen in Lebanon.

Malik declared that the Syrian situation has passed the point where internal remedial action on Syrian initiative is possible and that any such action will have to come from outside. He suggested that the United States, France, and the UK should confer with Lebanon on what action should be taken. President Chamoun feels nothing should be done, however, until it is known where King Saud stands. Chamoun added that it was always necessary to remember that the oil pipelines run through Syria. He then emphasized the urgency and importance of additional American arms and equipment for the Lebanese army and security forces.

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### 3. UN SECURITY COUNCIL MEETING ON OMAN

[REDACTED]

The chief Indian UN delegate reports that when the Arab complaint of British armed aggression against Oman was submitted to the UN Security Council, the Arabs themselves expected only four of the 11 council

members to vote for inscription. Arab delay in requesting an "urgent" meeting and the fact that, despite the strongly worded title of the item, the request was not based on one of the more definitive articles of the UN Charter relating to aggression probably will influence the smaller countries to oppose inscription or at least abstain. In addition, the prevailing situation in Oman is likely to discourage support for the complaint.

It is possible the Arabs have decided to go ahead with the complaint as a means of assessing general support for this and similar cases such as Yemen. Ambassador Lodge believes that if such is their intent, a negative vote of six or possibly seven council members at the 20 August meeting would provide the best deterrent to any future Arab efforts to take the issue to the General Assembly.

The British UN delegate told Ambassador Lodge on 15 August that American abstention, while it would have the same effect as a negative vote in preventing inscription, would adversely affect the votes of China, the Philippines, and possibly Sweden--thus lowering the total number of negative votes. Furthermore, he also warned that the British public would not understand an American failure to vote with London on this issue.

The Arabs, meanwhile, are continuing to press other complaints against the British in the area. Yemen sent a letter to the American delegation on 15 August accusing Britain of launching a "ferocious attack" on several Yemen border points on 1 August.

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#### 4. SOVIET OFFICIAL RENEWS REUNIFICATION HINTS TO WEST GERMAN SOCIALISTS

[Redacted] USSR would renew its offer of 15 January 1955 of free all-German elections if assured that the resulting German government would withdraw from NATO. East Germany, he said, would simultaneously be released from the Warsaw pact.

[Redacted] The SPD leaders planned to remain firm against any SPD-Communist connection, but to reiterate their support of neutralization within a four-power-initiated European security pact.

Comment                    Moscow's continued hostility to free all-German elections was most recently restated in Khrushchev's 8 August Berlin speech.

Aleksandrov and Ambassador Smirnov made similar approaches in March and April to SPD officials, and in one case to Free Democratic Party representatives. In an effort to show Soviet support for reunification, they offered nothing more than four-power sponsorship of East-West German negotiations. The January 1955 statement [redacted]

[redacted] represented the closest Soviet approach, hedged with pre-conditions, to acceptance of all-German elections, including the first Soviet endorsement of the Western demand for international supervision.

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5. WEST GERMAN NEGOTIATOR AGAIN RECALLED  
FROM MOSCOW TALKS

Comment on:

West German Foreign Minister Brentano has announced the recall of Ambassador Lahr, head of Bonn's trade and repatriation delegation in Moscow, for consultations. This is the second time Lahr has been ordered to return to Bonn since the negotiations began on 23 July. He will probably report on the Soviet reply to a 16 August West German compromise statement on repatriation.

The West German press reports that the USSR has agreed to repatriate 1,000 of the 80,000 Germans originally requested. Chancellor Adenauer has said he expects the talks to last at least until the 15 September West German elections.

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## 6. SPANISH AUTHORITIES REPORTEDLY RELEASE COMMUNIST ARMS TO ALGERIAN REBELS

[redacted] An arms shipment which arrived on 13 June at Ceuta--a port in northern Morocco under Spanish jurisdiction-- is now in Algerian hands, [redacted]

[redacted] Two unidentified Moroccans reportedly "claimed and paid for" the shipment.  
[redacted]

### Comment

The shipment consists of 413 tons of small arms and ammunition of Czech or Polish manufacture and had been seized by Spanish authorities. Its release could be expected to complicate Spanish relations with France, which had been improved substantially by the Spanish seizure of the arms. It would also probably further complicate French-Moroccan relations.

[redacted]

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## 7. BURMA REPORTEDLY CANCELS MAJOR SOVIET CONSTRUCTION PROJECTS

The Burmese cabinet on 12 August voted to cancel all but one of the Soviet "gift" projects for Burma, [redacted]

[redacted] The technical institute project will be retained, but a planned hospital, sports center, and large hotel have been abandoned as too expensive or of marginal value. [redacted]

**Comment** These projects, resulting from the Khrushchev-Bulganin visit to Burma in late 1955, were intended as showpieces of Soviet aid to underdeveloped countries. While they have been described as Soviet gifts, an agreement signed in January stated that Burma in return would "present as a gift to the Soviet people" the corresponding value in rice and other goods.

Burma reportedly is pleased with the work of Soviet agricultural technicians now concentrating on irrigation problems in upper Burma and will probably continue to accept Soviet aid for such projects.

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## 8. JAPANESE TO SEEK IRANIAN OIL CONCESSION

A representative of Idemitsu, a large Japanese oil company, informed the American ambassador in Tehran that the director of his company and two Japanese geologists are expected to arrive in Tehran soon to investigate the possibility of Japanese participation in the exploration and development of Iranian oil. The company is reportedly interested in a concession in the vicinity of Chahbahar, a port city in southeastern Iran near the Pakistani border. Ambassador Chapin reports that Idemitsu will probably seek to create a partnership with other Japanese companies to finance the venture and may request government aid.

**Comment**

The reported Japanese interest in Iranian oil exploration and development takes advantage of a law passed by the Iranian Senate on 29 July which opened the country to new foreign concessions. Subsequently, the Iranian lower house granted approval to an oil agreement between the National Iranian Oil Company and a state-controlled Italian company under which Iran will receive 75 percent of the total oil profits, thus breaking the previously accepted pattern of 50-50 agreements. The Shah has recently stated his desire that oil companies not now represented in Iranian oil activities be brought into the country.

The Japanese government strongly favors participation in the exploitation of Middle Eastern oil to ensure sources of petroleum supply, as Japan is dependent on imports for about 95 percent of its oil requirements.

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