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GENERAL

1. India reported planning Southeast Asian regional pact without West:

Prime Minister Nehru is planning to submit to the Colombo powers a proposal for a regional alliance as an alternative to SEATO, according to C. C. Desai, the Indian high commissioner in Ceylon, in a conversation with the American ambassador in Colombo.

Desai stated that the scheme will have military clauses and will attempt to provide most of the benefits of SEATO without the participation of the Western powers. He also said the plan has not yet been communicated to Ceylon or the other Colombo powers.

Comment: Nehru is unofficially reported to have rejected outright the British approach on SEATO. His intention is presumably to seize the initiative from the West and thus forestall Western efforts to organize the rest of the Colombo powers.

2. Indian appointees to Indochina commission believed pro-Western:

Ambassador Allen in New Delhi regards with favor the Indian delegates so far appointed to the Indochina Truce Commission. Chief delegate M. J. Desai and S. Dutt, who will head the advance party, are believed to be pro-Western.

The two chief delegates are M. J. Desai, acting Indian high commissioner in London, who was appointed on the recommendation of V. K. Krishna Menon, and Dr. J. N. Khosla, in charge of historical research at the Indian Foreign Ministry. The third chief delegate has not yet been named.

Comment: The appointment of career civil servants appears to conform with Indian Foreign Ministry assurances that noncontroversial figures would be named. Menon's influence in these appointments and the fact that he presided over the preliminary meeting of truce representatives in New Delhi on 1 August strongly suggest he will be a power behind the scenes.

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NEAR EAST - AFRICA

3. Iraq will seek early revision of treaty with Britain:

Nuri Said, Iraq's most influential political leader, will seek revision of the Anglo-Iraqi treaty of 1930, possibly before parliament reconvenes on 1 December,

[redacted] Nuri, just back from London, had reached agreement in principle with Britain on the subject. Terms for Iraq are expected to be based on the Suez settlement, but less favorable than those obtained by Egypt.

Comment: The 1930 treaty, which expires on 3 October 1957, gives Britain two air bases in Iraq and access to facilities necessary for the movement of British troops in the event of war. It also provides for British advice in the development of Iraq's defense forces.

Iraqi nationalists have long sought the treaty's abrogation. A revision attempt in 1948 was repudiated by the government as a result of serious rioting in Baghdad. Strong opposition can be expected to any new revision effort. However, Nuri would probably handle this explosive issue more adroitly than did the government in 1948.

LATIN AMERICA

4. Comment on situation in Guatemala:

The truce which halted the fighting between elements of the Guatemalan army and Castillo Armas' irregular Army of Liberation on 2 August leaves Castillo's dominant position in the governing junta considerably weakened. The truce calling for the disbanding of Castillo's forces, was evidently dictated by regular army leaders, who are capable of preventing further outbreaks in the army. They are distrusted by Castillo, however, who may now attempt to control the army through officers closely identified with his movement. This would probably deepen tension and lead to continuing instability.

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Castillo late on 2 August threatened to rejoin 500 of his "liberation" troops now encamped about 60 miles from Guatemala City and lead them against the regular army. It remains questionable whether he actually intends to take this drastic action, which would mean resumption of outright civil war.

The present situation appears to be wholly a struggle between military factions with no ideological overtones; both sides are strongly anti-Communist. [redacted]

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