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18 September 1955

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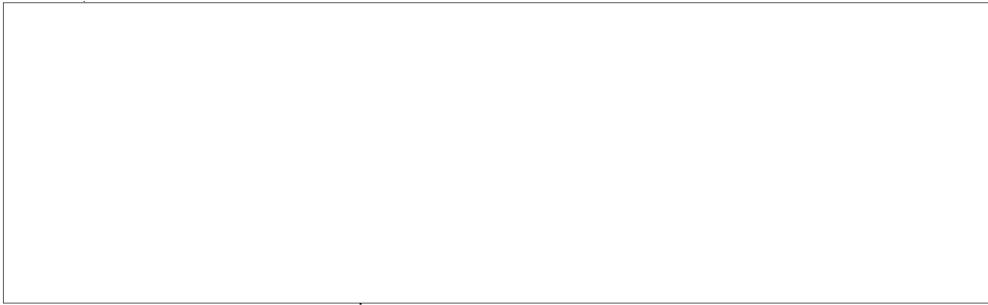
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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 15
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-
DATE: 15 JAN 1955 REVIEWER:

Office of Current Intelligence**CENTRAL INTELLIGENCE AGENCY**~~TOP SECRET~~

Approved for Release: 2019/09/16 C03000953



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1. OUTCOME OF ANTI-PERON REVOLUTION IN ARGENTINA STILL UNCERTAIN

The outcome of the anti-Peron revolt of army and navy elements which broke out on 16 September remains uncertain. Both sides are claiming victories, but accurate reporting from the scene of the fighting in the provinces is lacking.

[redacted] the federal police believe the revolution may be long and drawn out and that the outcome is uncertain.

The rebel forces have set several deadlines for Peron to surrender or have the city of Buenos Aires bombarded from the sea. Latest reports state a bombardment might take place on 19 September. The present location of the main fleet, which was some 1,000 miles from Buenos Aires when the revolt broke out, is unknown. Both sides are claiming the loyalty of these fleet elements. It seems likely, however, that the major fleet elements are in rebel hands. Whether there is sufficient ammunition aboard the ships for a successful bombardment is questionable, since it has been reported that the navy was stripped of much of its ammunition following the 16 June abortive revolt against Peron.

On 18 September, Hugo di Pietro, secretary general of the General Confederation of Labor (CGT), called on its members to rally to the support of Peron and "to liquidate the traitors."

[redacted] the CGT is to be ready to issue arms to its members "if the situation demands it."

American ambassador Nufer on 18 September commented that both sides were making intense efforts to influence the various military units. Nufer added that "a government victory doubtless depends on maintenance of present loyalties, while rebels apparently must induce defections to win." The embassy had earlier estimated that approximately 30 percent of the armed forces were involved in the revolt.

2. COMMENT ON SOVIET PROPOSAL TO GIVE UP PORKKALA NAVAL BASE

The Soviet proposal to return Porkkala to Finland and renew the Soviet-Finnish 10-year mutual assistance treaty signed in 1948 is timed to serve the USSR's diplomatic strategy for the Big Four foreign ministers' conference in Geneva next month. Molotov is expected to concentrate at Geneva on the USSR's proposals for a European security system, which call for nonaggression pacts and are aimed at obtaining dissolution of the American base system established under NATO.

According to press reports, Marshal Zhukov at a Finnish embassy reception on 18 September stated: "The time has come to liquidate bases in general." When asked which bases he had in mind, he cited "the bases of the United States around the Soviet Union, the Chinese People's Republic, and other People's Democracies." Zhukov reportedly said the USSR might evacuate Porkkala before the end of the year.

Control of Porkkala, which is only about 30 miles from the well-defended Estonian coast, has come to be of relatively little military significance to the USSR. Soviet forces in Porkkala are estimated to include 5,000 army and 1,000 security troops, and one jet fighter regiment.

The American embassy in Helsinki describes the reaction in official Finnish circles as one of wary suspicion and apprehension rather than pleasure. The Finnish foreign minister said that nothing was known as to what the Russians might want in return other than their proposal to discuss extension of the 1948 Treaty of Friendship and Mutual Assistance.

3. INDONESIAN GOVERNMENT RELAXES PRESSURE ON NEW GUINEA CLAIM

It is now clear that the new Indonesian government intends to relax pressure for sovereignty over Netherlands New Guinea. Foreign Minister Anak Agung told Ambassador Cumming in Djakarta on 15 September that he had decided against any Indonesian speech on this subject at the UN when the General

Assembly agenda, which includes the New Guinea question, comes up for a vote. Agung also plans to advise friendly Asian-African delegations not to make any speech on the subject.

The foreign minister hopes to start negotiations with the Dutch next month on "all outstanding questions." Agung also discussed with Cumming the importance of relieving the Australian government, which has adamantly opposed the transfer of New Guinea from Dutch to Indonesian control, of "any concern" over New Guinea.

The New Guinea question remains an important national issue, however, and no Indonesian cabinet could afford publicly to abandon the demand that the Dutch relinquish sovereignty over the area.

4. PAKISTAN'S ADHERENCE TO TURK-IRAQI PACT TO BE UNCONDITIONAL

[Redacted]

Pakistan has completed its study of the Turkish-Iraqi-British pact and is ready to adhere to it without reservations, according to a high official of the Pakistani Foreign Ministry. Public announcement is planned after the documents have been signed and delivered to Baghdad, probably within a few days.

Comment

Pakistan has until now insisted on limiting its military obligations under the pact to assistance in the event of attack on Turkey or Iraq. The decision to drop these reservations follows a month and a half of British persuasion supported by Turkey and Iraq.

Pakistan's entry as fourth member will make it possible under the terms of the pact to set up the planned permanent council of ministers. Both Turkey and Pakistan can now be expected to renew their efforts to obtain increased American support for the defense arrangement.

5. SAUDI ARABIA SAYS SOVIET UNION REPEATS ARMS OFFERS

[Redacted]

The royal counselor of King Saud in two recent conversations with Ambassador Wadsworth stated that Saud was being pressed by the USSR for an answer to its offer of aid and for the establishment of diplomatic relations. The counselor urgently requested American military and economic aid, and said that if the US had nothing new to offer, Saudi Arabia would decide on the Soviet offers in terms of its own best interest.

The counselor suggested that despite Islam's antipathy toward Communism, Moslem's top religious leaders would favor any steps taken to strengthen Islam. He claimed that the establishment of relations with the USSR would have important repercussions throughout the Moslem world because of Saud's prestige.

Comment

Saud and his top officials have repeatedly reminded American diplomats of the Soviet approach which reportedly was made to the Saudi ambassador in Tehran by the Soviet ambassador there and repeated to King Saud when he visited Iran six weeks ago.

The Saudis are probably giving serious consideration to opening diplomatic relations with the USSR. Though the Saudis would be inclined to hesitate on the question of Soviet military aid, the terms and conditions for the purchase of Soviet military equipment would probably be the determining factor.