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CENTRAL

INTELLIGENCE

BULLETIN



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4 JULY 1959

I. THE COMMUNIST BLOC

Peiping apparently pressing for diplomatic relations with Guinea.

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II. ASIA-AFRICA

Tension rising between Iran and Iraq over navigation of Shatt-al-Arab River. (2)

(2)

Moroccan Government increasingly committed to early progress toward evacuation of US air bases.

(3)

Some South Korean officials concerned by Rhee's negative policy toward Japan; Tokyo may be planning tougher attitude toward Seoul.

(4)

India--Nehru apparently expects continuing demonstrations in Kerala will force him to impose President's Rule there about mid-August.

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**III. THE WEST**

(6) Finland asks Western oil companies to cut imports; Moscow seeking entire Finnish oil market.

(7) Cuba reported planning new rebel incursions into Dominican Republic; OAS convenes at Dominican request.

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CENTRAL INTELLIGENCE BULLETIN

4 July 1959

DAILY BRIEF

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I. THE COMMUNIST BLOC

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Communist China - Guinea: The arrival in Guinea of Communist China's ambassador to Morocco and his discussions with President Touré as well as with other senior officials suggest that Peiping is pressing for formal relations with Conakry. The ambassador's visit also appears timed to take maximum advantage of Communist China's 5,000-ton gift of rice which arrived 30 June, just one day after the arrival of the first installment of the American allotment of 5,000 tons of rice.

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II. ASIA-AFRICA

OK

Iran-Iraq: Tension has again risen between Tehran and Baghdad over Iraqi restriction of navigation on the Shatt-al-Arab River. An Iranian Foreign Ministry official has confirmed that a private Iranian launch was fired on by an Iraqi border patrol last Sunday. Iranian naval units in the area have standing orders to return fire immediately if fired on. Iran disputes Iraq's claims of complete jurisdiction over the river, and claims the right of free passage. Tehran has vacillated between a desire to avoid irritating Qasim on this matter and indignation over what it regards as arbitrary Iraqi actions.

(Map) (Page 2)

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Morocco: Statements attributed to Premier Ibrahim during his recent visit to the UAR appear to have publicly committed his government to achieving early progress toward the evacuation of the five US air bases in Morocco. The premier for the first time was directly quoted in a press conference in Damascus on 25 June as saying that he would appeal to "international bodies" if direct negotiations did not provide satisfaction. King Mohamed V, in a discussion with Ambassador Yost on 29 June, again urged an early public declaration by

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the US recognizing the principle of evacuation - [a step vigorously opposed by France and Spain as establishing a precedent which could lead to French and Spanish withdrawal from Morocco.]

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South Korea - Japan: Some leading South Korean officials appear to be increasingly concerned over President Rhee's negative policy toward the problem of Koreans in Japan. The vice minister of foreign affairs hopes to convince Rhee of the need for a program which would encourage them to return to South Korea by offering them jobs and homes.

Japan has increased its patrols along the Rhee line, and Japanese press reports state that the government is contemplating direct trade between Japan and North Korea. There are indications that Tokyo, frustrated by inability to resolve its disputes with President Rhee, has determined to adopt a tougher attitude in its problems with South Korea.

(Page 4)

OK

India: Nehru apparently anticipates that the continuing demonstrations will force the central government to impose President's Rule in Communist-governed Kerala State about mid-August. Lengthy discussions of the Kerala situation by the Congress party high command on 29 June, during which Nehru expressed this view, resulted in a directive to Kerala Congress leaders to intensify their agitation against the Communist government, but without violence. An immediate election is now the anti-Communist coalition's major demand. Clashes between demonstrators and police continue.

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III. THE WEST

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Finland: In order to assure a greater market in Finland for Soviet petroleum products, which would bring Soviet-Finnish trade into closer balance, the Finnish Government has requested

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Western oil companies operating in Finland to accept substantially reduced import quotas for the six-year period 1960 through 1965. In current negotiations for a long-term trade agreement (1961-65), the Russians reportedly have demanded the entire Finnish market. This the Finns have refused, although they are willing to take additional Soviet petroleum.

OK

*Caribbean area: Cuba is reported to be preparing new rebel incursions into the Dominican Republic or Haiti. Cuba's two eastern provinces have been designated a zone of military operations, and the Cuban cabinet is believed to have discussed on 29 June the advisability of a declaration of war against the Dominican Republic. At the same time, however, Cuban leaders fear Dominican counteraction. Venezuela, which also strongly desires the elimination of Trujillo, has threatened to withdraw from the OAS if that body agrees to investigate any Dominican charge of foreign intervention. The Council of the OAS met in urgent session on 2 July, at Dominican request, and set a further meeting for 6 July. (Page 6)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Peiping Seeking Closer Ties with Guinea

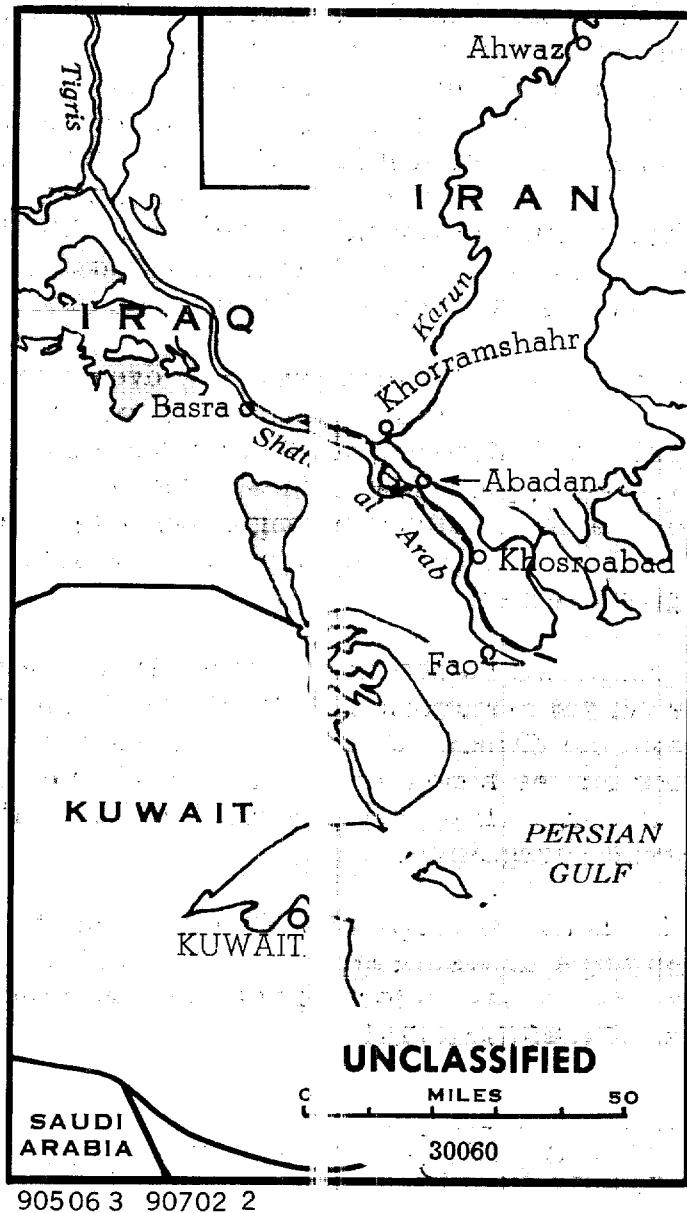
Communist China's ambassador to Morocco, Pai Jen, met with Guinea's President Touré in Conakry on 26 June. The reported presence of Guinea's minister of economic affairs and secretary of state for foreign affairs suggests that Peiping is following its usual pattern of trying to expand trade in an effort to gain diplomatic recognition. His visit presumably was timed to take propaganda advantage of the arrival of a 5,000-ton gift of Chinese rice in Conakry on 30 June. The first installment of a US gift--which will total 5,000 tons of rice, and 3,000 tons of wheat flour--arrived the previous day.

A trade agreement with Guinea would be even more politically inspired than those which preceded formal recognition by Egypt, Syria, and Morocco, as Peiping has little need for any of the products exported by Guinea. Because of Peiping's interest in increasing influence among underdeveloped nations, it might also offer a small technical assistance program similar to that given Yemen.

Peiping recognized Guinea on 7 October 1958. Although Conakry has not yet reciprocated, Touré said in an interview on 12 June with the Chinese Communist correspondent resident in West Africa that he hoped to expand Guinea's diplomatic contacts soon. Peiping will probably encounter little difficulty in obtaining formal recognition.

While in the area Pai might visit Ghana, which has twice supported Peiping's inclusion into the United Nations although, like Conakry, Accra has no formal relations with the Chinese Communists. [redacted]

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II. ASIA-AFRICA

Tension Mounting Between Iran and Iraq Over Use
Of Shatt-al-Arab River

Tension between Iran and Iraq over navigation on the Shatt-al-Arab has increased sharply as the result of an Iraqi border patrol firing on an unarmed Iranian motor launch on 28 June. Iranian naval units in the area have standing orders to return fire if fired on, and any miscalculation by either side could result in "full-scale military operations," according to the military attachés in Tehran.

Iran has sought unsuccessfully for several years to discuss with Iraq the control of the river. Iran claims that the treaty of 1937, which placed the boundary between the two countries on the Iranian side of the river, was agreed to only under British pressure. Tehran regards it as intolerable that its principal navigable river, the Karun, and the important oil ports of Abadan and Khorramshahr are accessible from the Persian Gulf only through foreign waters.

Since the Iraqi revolution, Iran has been particularly annoyed by the use of Iraqi river pilots and armed Iraqi search parties boarding ships destined for Iranian ports. Tehran also has expressed concern over Baghdad's replacement of British supervisors and technicians with Russians at the port of Basra. [Iraq recently refused to supply the necessary pilotage to a ship of the Iran-Pan American Oil Company seeking to establish a supply base at the Iranian river port of Khosroabad.] Iran has delivered a note demanding that Iraq permit reasonable use of Khosroabad and name members for a joint commission on the use of the river. Prime Minister Eqbal on 30 June told the Iraqi ambassador that unless Iraq cooperates, Iran may take unilateral action.

To demonstrate its continuing good will toward the Qasim government, however, Iran has decided to permit its ambassador to attend Iraq's celebration of the 14 July revolution.

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Morocco Likely to Increase Pressure for Evacuation
Of US Bases

Recent public statements attributed to Moroccan Premier Ibrahim just before or during his 15-27 June visit to the UAR appear to have committed his government more explicitly than heretofore to achieving early demonstrable progress toward the evacuation of the five American air bases in Morocco. An early acceleration of official pressure by the Moroccans--who seem to regard the US position as the key to securing also the complete evacuation of the 22,000 French and 10,500 Spanish forces still in Morocco--may be imminent.

According to the Egyptian press, Ibrahim said that all three countries with troops in Morocco have already agreed in principle to evacuate and that negotiations are under way to end all forms of "occupation." Actually, only the United States has given private assurances of eventual evacuation or engaged in recent negotiations on the subject. Subsequently, Ibrahim was quoted as telling a press conference held in Damascus on 25 June that he would appeal to "international bodies" if direct negotiations failed to achieve evacuation.

This step was also advocated publicly in Rabat on 23 June by Allal el-Fassi, leader of the antigovernment and more conservative faction of the divided Istiqlal party. In addition, El-Fassi called for active steps within Morocco to "evict" the bases if a UN appeal failed. Meanwhile, the small Communist element in Morocco has begun, through a new weekly publication, to contribute its bit toward stimulating popular demands for "direct-action" tactics.

In an audience with Ambassador Yost on 29 June, King Mohamed V again urged as "most important" an early public declaration by the United States recognizing the principle of evacuation. [Such a statement, however, is vigorously opposed by France, which fears its possible effects on French hopes of retaining "indefinitely" certain air and naval installations in Morocco as well as the important Bizerte base in Tunisia.]

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South Korean Official Sees Need For Positive Program
In Repatriation Controversy

Vice Minister of Foreign Affairs Kim Dong-yo believes that South Korea must present a specific program for settling the status of the Korean residents in Japan in order to demonstrate the validity of its opposition to the present repatriation agreement between Japan and North Korea. He hopes to persuade President Rhee to offer the returnees free and immediate return to their homeland and guarantee them homes and job opportunities. Kim's proposal reflects the growing concern of South Korean leaders over the detrimental effects of Seoul's negative policy toward Japan, but, as Ambassador Dowling notes, the prospects for gaining Rhee's approval are dim.

Recent Japanese actions emphasize Tokyo's determination to maintain a firm policy toward South Korea, first indicated by the decision in February to repatriate Koreans in Japan to North Korea. Patrols along the Rhee line have been increased, and the government is prepared to double the present number of unarmed patrol craft. Japanese press reports stating that the government might permit direct trade between Japan and North Korea also could be a pressure tactic stemming from the belief that there is no reasonable prospect for a settlement with South Korea.

The Japanese Government has begun preparatory steps for implementing the Japanese - North Korean repatriation agreement, which is awaiting approval of the International Committee of the Red Cross (ICRC). Tokyo has avoided predictions about the attitude of the ICRC but has consistently stressed its unwillingness to modify its position unless forced to do so by the ICRC

Tokyo believes that the repatriation agreement embodies the substantive recommendations of the ICRC, and that the Korean residents' "freedom of choice" is adequately safeguarded. US opposition to the agreement stems from "prejudices" and "preconceptions." They assert that the United States has an important responsibility in preventing the South Korean forces from committing "rash acts."

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Nehru Foresees Imposition of Direct Rule in India's Kerala State

Agitation against the Communist government in India's Kerala State has been stepped up following recent high-level Congress party meetings in New Delhi. [Prime Minister Nehru reportedly told the party's top executive board on 29 June that he anticipated the central government would be forced to impose President's Rule in Kerala in about six weeks.]

[The main result of the high command's lengthy discussion of the Kerala situation was a directive to state party leaders to intensify their agitation, but without using violent tactics. The major objectives of the anti-Communist coalition's campaign now are immediate state elections, an inquiry into recent police shootings, and suspension of the controversial Communist education act. Nehru reportedly opposed an inquiry into the opposition's list of political charges against the Communist government and any mass resignations by non-Communist officials. After much argument over the question of Congress cooperation with the Praja Socialist party and Moslem League during elections in Kerala, the high command overrode Defense Minister Krishna Menon's objections and advised the state branch to proceed with efforts to work out an electoral alliance.]

Communist leaders rejected the Congress executive's call for elections in Kerala, condemning the party resolution issued on 29 June as "dishonest" and a "complete endorsement" of the agitators' "undemocratic" demand. The Communist government maintains there is no proof that it does not represent majority sentiment in the state and insists it will not resign under pressure.

Clashes between demonstrators and Communist-directed police continue. Some 25,000 have been arrested thus far in the three-week-old campaign, and about 6,000 are still in jail. The hardening attitudes of both sides in the conflict increase the likelihood of further serious violence. Extremists may try to touch off widespread disturbances to provide New Delhi with sufficient grounds for intervention, [which could cause the national government to act prior to mid-August.]

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III. THE WEST

Situation in the Caribbean Area

Although Cuban leaders now appear to recognize the failure of the initial insurgent effort launched against the Dominican Republic from Cuba last month, they remain determined to overthrow the Trujillo dictatorship. There are persistent reports of preparations in Cuba for further rebel incursions into the Dominican Republic.

[redacted] Fidel Castro is pressing Haitian exiles in Cuba to speed up their preparations to invade Haiti. Action in Haiti would be primarily a means of opening another front against Trujillo.

Cuba's two eastern provinces--those closest to the Dominican Republic--have been designated a zone of military operations. On 29 June the Cuban cabinet discussed a possible declaration of war against the Dominican Republic.

[redacted] Doubt as to Cuba's military preparedness, however, reportedly has led some cabinet ministers to oppose such action. Others probably question the wisdom of precipitate measures that would almost certainly lead to immediate OAS action and the subsequent revelation of Cuban direction of the Dominican insurrection and Cuban support for Nicaraguan rebels.

The Council of the OAS met in Washington in urgent session on 2 July, at Dominican request, and set a further meeting for 6 July. Venezuela, which is also supporting the anti-Trujillo effort, has informed a number of hemisphere governments that it would consider withdrawing from the OAS if that organization votes to investigate any Dominican charge of foreign intervention. Official sources in Havana told the press on 2 July that the Cuban Government would probably refuse to let a committee of OAS investigating officials visit Cuba.

Cuban leaders fear Dominican counteraction against Cuba, possibly by means of the force of Cuban exiles now in the Dominican Republic. The exiles are regularly using Dominican radio facilities to suggest that before long they will open a fighting front inside Cuba. However, the outbreak of guerrilla activity in Cuba's Pinar del Rio Province, which led Castro to send troops there on 1 July, is probably not Dominican inspired. "This is an area where small farmers have bitterly protested Castro's agrarian reform law.

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The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

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