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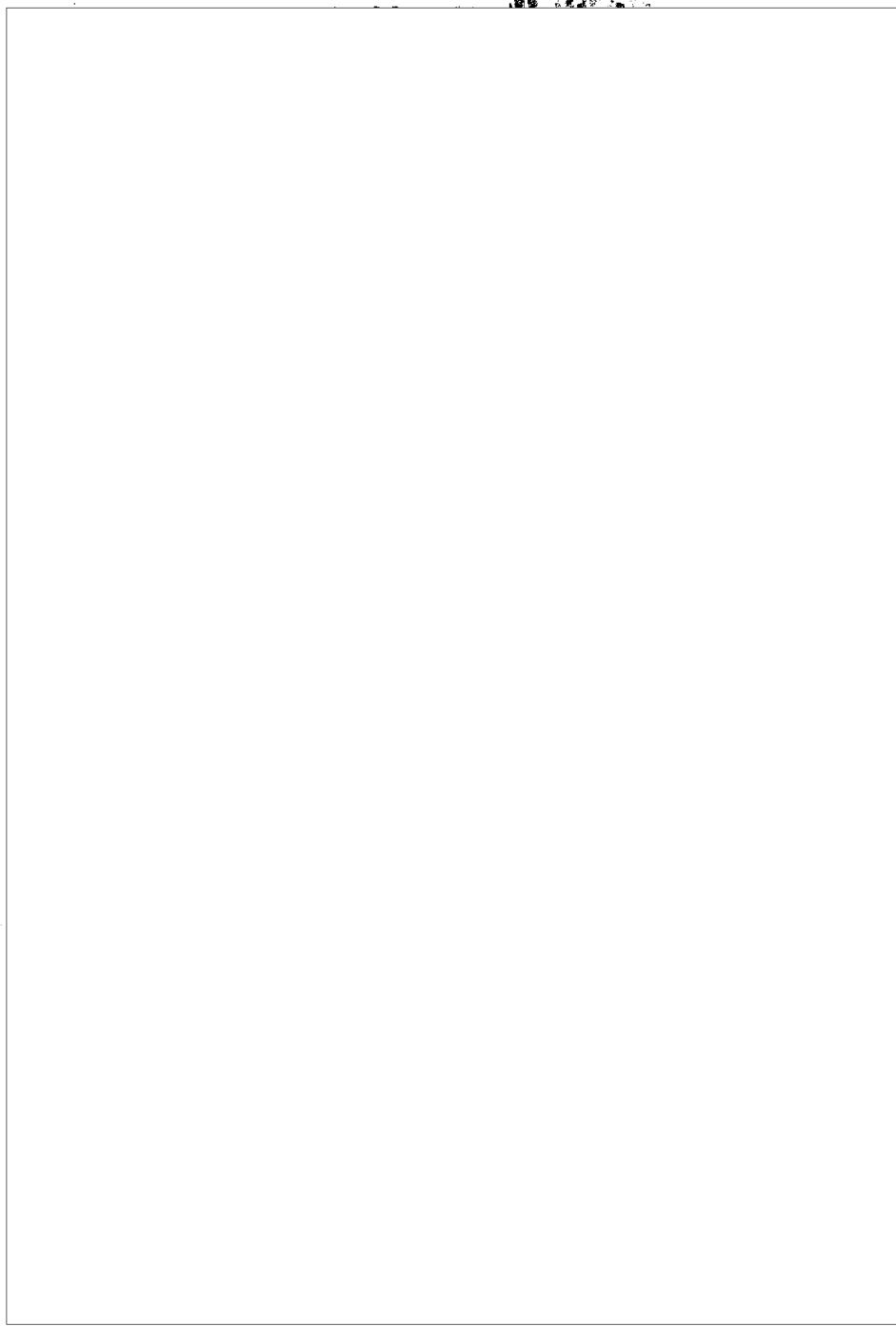
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# CENTRAL INTELLIGENCE BULLETIN

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7 DECEMBER 1959

**I. THE COMMUNIST BLOC**

USSR plans to follow up present economic talks with Brazil in Moscow with high-level trade delegation to Brazil.



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**II. ASIA-AFRICA**

Pakistan may have asked Peiping for negotiations on Kashmir border demarcation.

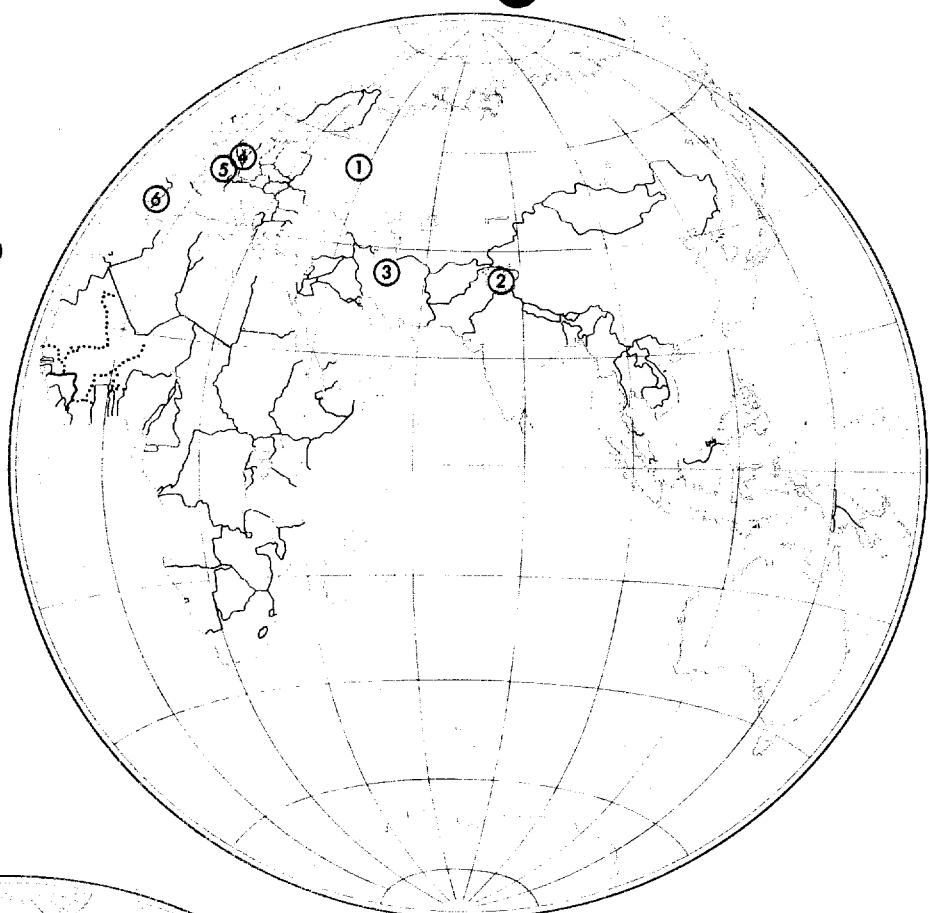


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Iran--Shah says he will not go beyond his original offer to Moscow to guarantee that Iran will permit no foreign missile bases.



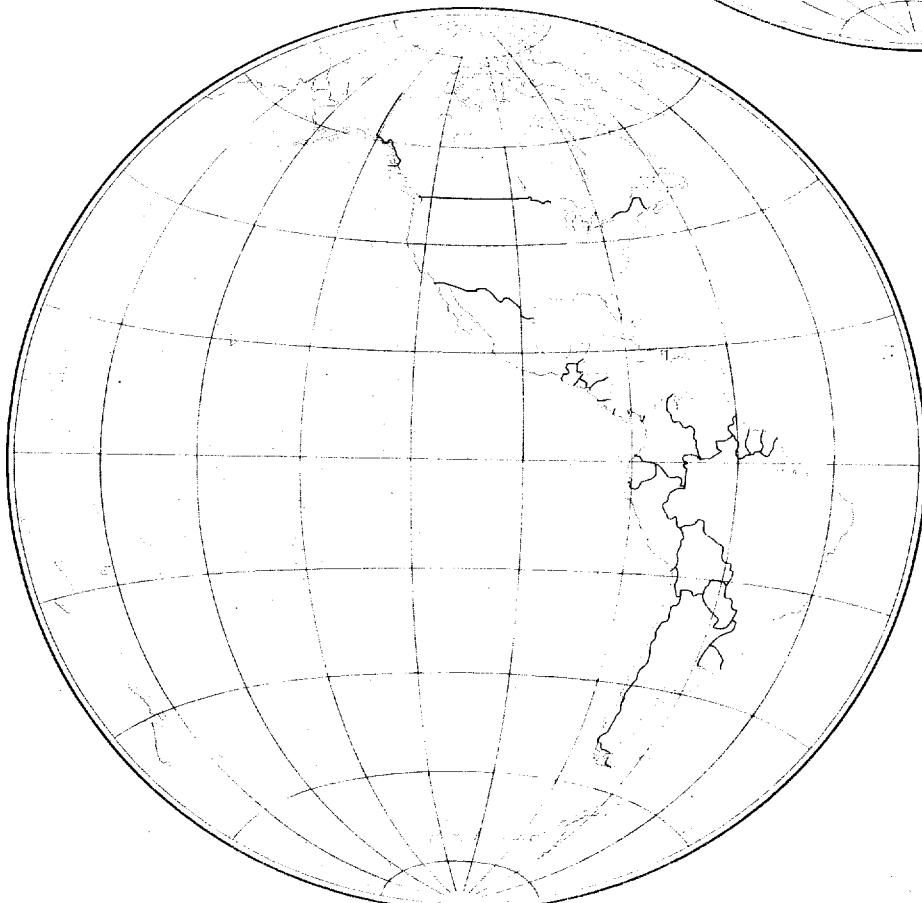
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**III. THE WEST**

④ Belgium planning to reduce its NATO defense expenditures.

⑤ De Gaulle-Adenauer talks reached agreement on summit agenda, Berlin, and disarmament, but French views on NATO unchanged.

⑥ Promotion of controversial Portuguese Army officer may cause discontent in military leadership.

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# CENTRAL INTELLIGENCE BULLETIN

7 December 1959

## DAILY BRIEF

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### I. THE COMMUNIST BLOC

USSR-Brazil: The Soviet Union plans to send a high-level trade delegation to Brazil soon as a follow-up to current negotiations in Moscow, [redacted]

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[redacted] The USSR reportedly hopes these negotiations will open the way for discussions of a resumption of diplomatic relations. Moscow may estimate that the present international "thaw" has created favorable conditions to press the Brazilian Government for such a decision.

[redacted] (Page 1)

### II. ASIA-AFRICA

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Pakistan - Communist China: The Pakistani Government may have suggested to Peiping negotiations for formal demarcation of the border between Pakistani-held Kashmir and Sinkiang. Earlier indications that Pakistani officials were considering such an approach are supported by a 24 November press report quoting "informed" sources in Rawalpindi that diplomatic discussions have already been opened. Pakistani authorities have played down reports of Chinese "incursions" into northern Kashmir but have tightened security measures on the Sinkiang frontier. President Ayub's government probably hopes that by initiating negotiations it can forestall any serious incidents while gaining Chinese recognition of the "traditional" border. Peiping may display willingness to discuss the Pakistani border but is unlikely to commit itself to a formal settlement.

*H O*  
Iran-USSR: The Shah of Iran on 2 December told an American Embassy official that, despite Soviet pressure, he is determined not to go beyond his original offer of a written guarantee that foreign missile bases would not be permitted on Iranian soil. Moscow has requested a guarantee that no foreign bases whatsoever will be permitted in Iran. The Shah feels the Russians may eventually be satisfied with his more limited offer.

Meanwhile, in response to a recent request for instructions, the Iranian ambassador in Moscow was told emphatically Iran's offer of assurances does not include short-range missiles, which the Iranian Army itself may have at some future date.

### III. THE WEST

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Belgium: The Belgian representative to NATO warns that his government not only will not meet NATO targets calling for a 10-percent increase in Belgian defense expenditures, but that, starting in February, it plans to reduce expenditures by withdrawing one third of the Belgian troops now in West Germany, decreasing regular army manpower, and making other cuts. The president of the Belgian joint chiefs committee recently resigned in protest. The Belgian representative feels that his government is weak and under pressure over the Congo issue, and that it therefore is likely to persevere in its intention to cut military costs.

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France - West Germany: Accounts of the talks between De Gaulle and Adenauer on 1 and 2 December indicate that while the two leaders reached agreement on Berlin, disarmament, and a summit conference agenda, De Gaulle did not alter his position on NATO in any important respect. De Gaulle left Adenauer "considerably reassured" on France's basic commitment to NATO, but the French position of refusing further integration of forces

and of withholding the Mediterranean fleet apparently was maintained. De Gaulle also indicated his desire to have NATO coverage extended to Africa. Most responsible press reaction in both France and West Germany has expressed concern for the solidarity of NATO, despite official reassurances.

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Portugal: The promotion on 2 December of former Defense Minister Colonel Santos Costa, a controversial figure who was dropped from the cabinet in 1958, to brigadier general raises the possibility of extensive discontent among higher echelons of the army, which dislike him intensely.

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## I. THE COMMUNIST BLOC

### USSR May Press Brazil to Resume Diplomatic Relations

The USSR hopes that trade negotiations with Brazil will open the way for discussions of a resumption of diplomatic relations,

Therefore, he said, the Soviet Government plans to send a high-level trade delegation to Brazil as a follow-up to the negotiations which opened in Moscow on 25 November and are still in progress.

the delegation, which will be headed by Deputy Minister of Foreign Trade P. G. Shmakov and include the presidents of such important Soviet trade organizations as Mashinoekspor, will have the underlying aim of "trying to send in an ambassador by buying coffee."

Soviet First Deputy Premier Mikoyan's trip to Mexico in November to open the Soviet exhibition there and the invitation to the Brazilian Government to send a trade delegation to Moscow are the most recent indications that the USSR intends to take full advantage of the present period of international "thaw" in order to foster increased Latin American contacts with the bloc. In an interview in November 1957 with Brazilian journalists, Khrushchev said the USSR would welcome any step conducive to the restoration of Soviet-Brazilian diplomatic and trade relations. Moscow may feel that political pressures in Brazil before elections in 1960, which contributed to Rio de Janeiro's decision to accept the Soviet invitation to discuss trade possibilities, will also make it difficult for the government to turn down specific Soviet overtures for the normalization of political relations.

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**II. ASIA-AFRICA****III. THE WEST****Belgian NATO Program in Danger**

[The resignation on 30 November of General Jacques de Dixmude, president of the Belgian joint chiefs of staff, is in keeping with other indications that the future of the Belgian military program is in jeopardy. According to the chief of the Belgian NATO delegation, the government is weak and under pressure, due to the Congo situation, and is very likely to cut defense costs despite the opposition of the minister of war and the military. This would necessitate withdrawing one third of the Belgian troops in West Germany, decreasing the number of regular soldiers, and making other reductions as well. These moves, he feels, would set a bad example to other NATO members--particularly the Dutch, who are under popular pressure for similar reductions.

The impending cutback in Belgium's military effort is causing concern in NATO quarters. Although Defense Minister Gilson had requested an increase in the 1960 budget, the cabinet compelled him to reduce his estimates by \$10,000,000, and further cuts by the cabinet, Parliament, or both, are likely. Pressure to reduce the defense budget has been growing because of over-all budgetary problems and the feeling that Belgium is contributing to the defense of the West by increasing its expenditures in the Congo. Earlier this summer, Finance Minister van Houtte stated that Brussels would not be able to attain its goals under the NATO minimum essential force (MC-70) requirements, and that it would be impossible to comply with SHAPE recommendations for a 10-percent increase in the defense budget.

Another cause for the dissatisfaction within the Belgian defense forces--which reportedly has caused two other generals to resign--is the belief that the politically inspired volunteer program threatens the effectiveness of existing forces. The coalition government formally reduced the military service term to 12 months, in keeping with campaign pledges in the 1958 election.]

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Adenauer - De Gaulle Talks Indicate No Basic Change  
In French Position on NATO

The French-German talks on 1 and 2 December, particularly those between French President de Gaulle and West German Chancellor Adenauer, left the chancellor "considerably reassured" as to De Gaulle's attitude toward NATO, according to briefings given the American Embassy in Paris. De Gaulle reportedly agreed with Adenauer that the United States is necessary to European defense, and stated that NATO organizations should be "preserved." However, a French Foreign Ministry spokesman's press conference remark that France would not ask for "immediate, profound changes" and that the French position on withholding the Mediterranean fleet from NATO control and opposition to integrated air forces had been maintained suggests no basic change in De Gaulle's position. De Gaulle is said to have stressed to Adenauer his view that the changed situation since NATO was formed requires "transformation" of the alliance in the direction of extending its coverage to the Mediterranean and Africa.

The two leaders reportedly agreed that any summit conference agenda should involve disarmament, aid to under developed countries, and the German question--including Berlin. On disarmament, De Gaulle apparently again mentioned the French plan--recently advanced at the UN--for controlling missiles and launching ramps as a first step. He rejected any form of disengagement in Europe. Both men also agreed that the legal basis of Berlin should not be altered and that no steps should be taken toward recognizing the East German regime. During the talks both French and Germans apparently expressed disquiet as to the US position on Berlin and indicated that clarification would be sought at Western meetings later this month.

Most of the responsible press reaction in both countries has taken the line that although De Gaulle and Adenauer agreed on Berlin, disarmament, and the summit agenda, they failed to agree on the role each should play in NATO or on the future of the alliance in the defense of Europe.

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Promotion of Former Portuguese Defense Minister May Have Serious Repercussions

Portuguese Prime Minister Salazar's regime may find considerable resentment among higher echelons of the army as a result of the promotion of former Defense Minister Colonel Santos Costa to brigadier general on 2 December. Santos Costa is a controversial figure who is reported to be unpopular with many of the military because of the corruption and favoritism that existed under his administration and of his tendency to inject the army into politics. In addition, since his elimination from the cabinet in August 1958, Santos Costa has incurred the enmity of the present defense minister, General Botelho Moniz, who fears he may be scheming to return to power.

It is possible, in view of the promotion, that Moniz may feel impelled to attempt a coup in order to save face among the military and forestall a switch in their support to Santos Costa.

[redacted]  
that an indication such a swing was imminent would precipitate action on his part to remove Salazar. The American Embassy believes, however, that the regime is capable of mastering any situation likely to develop over the matter of the promotion.]

Meanwhile, the regime is showing concern over the activities of Fernando Quétroga, former Portuguese Army officer now reportedly engaged in recruiting volunteers in Tangier for guerrilla-type landings in southern Portugal and subversive operations against Spain as well. The Foreign Ministry [redacted]

[redacted] is keeping in touch with the Spanish and French authorities on this matter, since there is evidence of international Communist involvement. Extensive discontent in the armed forces over Santos Costa's advancement could make more difficult the government's task of preventing landings by subversive elements which, [redacted] might be able to carry out assassinations on a limited scale. [redacted]

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