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3.3(h)(2)

3.5(c)

3 October 1957

Copy No. 138

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 27
NO CHANGE IN CLASS. X
11. DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 1-4-80 REVIEWER:

OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY

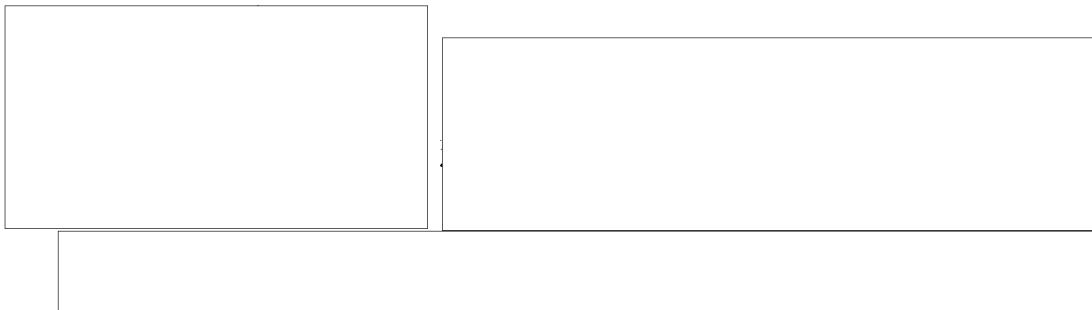
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CONTENTS

- SIKA*
1. ADDITIONAL SOVIET JET AIRCRAFT TO BE
DELIVERED TO SYRIA [] (page 3).
2. SAUD REPORTEDLY WARNS SYRIA TO STOP
CAMPAIGN AGAINST JORDAN [] (page 4).
- OK 3. DETAILS OF NASIR'S PLAN TO SECURE FROZEN
FUNDS IN THE UNITED STATES REPORTED
[] (page 5).
- OK 4. RISING RACIAL CONFLICT THREATENS KEBREAU
REGIME IN HAITI [] (page 6).
- OK 5. DE GAULLE REPORTEDLY BELIEVES TIME IS
RIPE FOR HIS RETURN [] (page 7).
- OK 6. LEADING FRENCH WEST AFRICAN PARTY ADOPTS
ANTI-FRENCH POLICY [] (page 8).
- OK 7. PONOMARENKO REMOVED AS SOVIET AMBASSADOR
TO POLAND [] (page 9).
- OK 8. JAPANESE LOAN TO INDIA RECOMMENDED
[] (page 10).
- DO 9. BURMA MAKES NEW APPROACH TO COMMUNIST
CHINA ON BORDER PROBLEM []
(page 11).
- OK 10. BELGRADE CONCERNED OVER WEST'S REACTION
TO ITS CURRENT POSITION [] (page 12).

**1. ADDITIONAL SOVIET JET AIRCRAFT TO BE
DELIVERED TO SYRIA**



Comment

This would be the first delivery of jet bomber aircraft to Syria and was presumably arranged during the visit of the Syrian mission to Moscow in early August. Other reports suggest that Syria has ordered as many as 30 to 40 IL-28 aircraft.

The Syrians have, under Soviet supervision, conducted a jet fighter night flying training course. The delivery of another squadron of MIG-17 aircraft would increase from 30 to 45 the number of Soviet jet fighters in Syria. When these aircraft and the 30 YAK training planes which Damascus recently ordered arrive, the Syrian air force, like that of Egypt, will be equipped preponderantly with Soviet bloc aircraft.

~~TOP SECRET~~

2. SAUD REPORTEDLY WARNS SYRIA TO STOP CAMPAIGN AGAINST JORDAN

Reference:

King Saud's visit to Damascus was motivated by his great concern over trends affecting Arab unity in general and particularly Syria's relations with Jordan.

Saud emphasized to the Syrians his opposition to their "vicious" propaganda campaign against Jordan and he deplored reports of assassins being sent to Jordan. Kuhaymi has been delegated by Saud to mediate the propaganda war between the two countries. Saud is [redacted] to have told the Syrians that, if they did not stop activities against Jordan, he would "cut off" Syria.

[redacted] Saud left [redacted] feeling that the Syrian situation was "terrible," but that the King also felt a change by the Syrians themselves is possible "before too long."

[redacted] the King took deliberate pains to demonstrate his alignment with the West, particularly the United States. [redacted] the King's friendly farewell to the American chargé at the Damascus airport in the presence of a large number of Syrian officials.

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3. DETAILS OF NASIR'S PLAN TO SECURE FROZEN FUNDS IN THE UNITED STATES REPORTED

[redacted]
 President Nasir intends to use the Saudi Arabian government and American companies in Egypt as instruments for carrying out his plan to secure release of Egypt's frozen funds in the United States [redacted]

Nasir reportedly will ask the Saudis to collect a debt Egypt owes them by seeking a transfer of funds from the blocked accounts. Nasir believes that the United States will make the transfer rather than antagonize King Saud.

The second part of the plan calls for Egypt to confiscate profits earned by American firms in Egypt and to authorize the American government to reimburse these companies by transferring to them dollars from the frozen funds. [redacted]

Comment The first part of Nasir's plan might possibly gain the acquiescence of King Saud, who has openly criticized the continued blocking of Egyptian funds amounting to more than \$40,000,- 000. Egypt's debt to Saudi Arabia is approximately \$15,- 000,000.

American business activity in Egypt has been rapidly decreasing since the Suez crisis; the amount that could be confiscated from profits is unknown.

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**4. RISING RACIAL CONFLICT THREATENS KEBREAU
REGIME IN HAITI**

Comment on:

A complete breakdown of public order, stemming from mounting political tension and a resurgence of bitter racial conflict, appears imminent in Haiti.

Persecution of mulattoes, many of them followers of defeated presidential candidate Louis Dejoie, has increased sharply since Francois Duvalier, administration-backed Negro candidate, won the election on 22 September. The rising incidence of brutality, including the killing of a US citizen during police interrogation, has created so much alarm that residents of Port-au-Prince reportedly "flocked" to the US embassy seeking permission to go to the United States.

A decree issued by the military government on 1 October authorizing Haitian citizens to arrest or shoot on sight anyone listed by the government as an enemy of the state has created further panic by paving the way for indiscriminate mob violence.

Political plotting both in and out of the army has gained momentum during the past few days, and a report that key air force officers are threatening to resign is the most serious indication of disunity in the armed forces since the military government of Brig. Gen. Antonio Kebreau assumed power last June. This apparent weakening of military unity seriously jeopardizes the government's chances of retaining political control.

**5. DE GAULLE REPORTEDLY BELIEVES TIME IS
RIPE FOR HIS RETURN**

Comment on:

General Charles de Gaulle reportedly believes that the "moment of crisis" has arrived in France and expects to be called to head the government in the near future, according to a usually reliable source. His conditions for assuming power, however, probably remain unacceptable to a majority of the National Assembly. [redacted] the general, if requested to take office by President Coty, will insist on full power for a three- or four-year period while assembly deputies are placed on "paid vacation" status. Political parties would be charged with responsibility for drawing up a new constitution based on De Gaulle's concept of a strong executive.

De Gaulle's reported intentions are believed in Paris to explain the activities of Jacques Soustelle, a leader of the ex-Gaullist Social Republican party, who took a leading role in overthrowing Premier Bourges-Maunoury. Senator Roger Duchet, an influential Independent party leader, reportedly was offered a post in De Gaulle's government if he would cooperate in overthrowing Bourges-Maunoury, but in the 30 September confidence vote Duchet supported the premier.

France's worsening economic crisis, growing labor unrest, and political fragmentation may lead President Coty again to consider consultations with the general, as he threatened to last June, particularly if the crisis continues. [redacted]

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6. LEADING FRENCH WEST AFRICAN PARTY ADOPTS ANTI-FRENCH POLICY

Comment on:

The African Democratic Rally, the largest African party in French West Africa, has repudiated the pro-French moderate leadership of Houphouet-Boigny in favor of that of extremist

leader Sekou Toure. At the party's annual conference in late September, the delegates favored establishment of a republic of French West Africa attached to France only through a "loose confederation."

The conference placed the party in support of the growing popular demand for increased self-government leading to independence. Within the past year, several of the territories of French West Africa have demanded drastic revision of the laws governing their relationship with France to reduce French power and to set up a strong federal executive in Dakar.

Friction will probably grow between Dakar and Paris because of the inevitability of greater demands from African politicians. Since French funds are essential for the area's economic development, Paris retains a strong bargaining position over African nationalists.

**7. PONOMARENKO REMOVED AS SOVIET AMBASSADOR
TO POLAND**

Comment on:

Panteleimon Ponomarenko has been replaced as Soviet ambassador to Poland by Pyotr Abrasimov. In his farewell call on the Finnish ambassador in Warsaw, Ponomarenko appeared despondent and indicated that he had no new position in the USSR. A TASS announcement on 2 October, however, stated that he had been transferred "to other work." Ponomarenko has been losing status progressively for several years and was removed from the party presidium at the 20th party congress. In the past he has been closely associated with Malenkov.

Ponomarenko has been unpopular in Poland ever since his appointment to Warsaw in May 1955. He is said to have interfered in Polish internal affairs and has been associated with the Stalinist (Natolin) faction in the Polish United Workers' party. It has been reported that Gomulka has been trying to secure his replacement as ambassador.

The new ambassador to Warsaw, Abrasimov, has long been a top-level official in the Belorussian SSR both as first deputy premier and party secretary. In January 1957, he was transferred to Peiping as counselor of the Soviet embassy under Ambassador Pavel Yudin. The experience he gained in dealing with the independent-minded Chinese has presumably prepared him for the task of regaining diplomatic rapport with the Poles.

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8. JAPANESE LOAN TO INDIA RECOMMENDED

[redacted] Tokyo offer India up to \$50, 000, 000 in long-term credit to further friendly relations between the two countries.

[redacted] the improvement of relations with India is important for the promotion of Japanese economic policy in Southeast Asia. To achieve maximum political benefits, [redacted]

[redacted] Prime Minister Kishi make the credit offer directly to Prime Minister Nehru when the latter visits Japan in early October and that there be no quibbling over details.

[redacted] the loan would increase the market for Japanese capital goods, while failure to act would drastically reduce exports to India. He noted that international loan agencies have no doubts regarding India's ability to repay, and that requests by other countries for credit can be refused on the grounds that Japan now lacks foreign exchange.

Comment

India has been cool toward Japanese proposals for an Asian Development Fund and for a long-term exchange of Indian iron ore for Japanese steel. India would also hesitate to contribute to an expansion of the influence of its natural trade rival in Southeast Asia. However, the most critical period of India's economic crisis will occur during the next twelve months.

Japanese backers for the loan to India apparently believe such an arrangement with India would set a precedent for Japanese economic relations with Southeast Asian nations which heretofore have been fearful of a resurgence of Japanese imperialism.

9. BURMA MAKES NEW APPROACH TO COMMUNIST CHINA ON BORDER PROBLEM

Comment on:

In talks held in Peiping on 28 September between Chou En-lai and Burmese Chief Justice U Myint Thein concerning the Sino-Burmese border issue, Chou observed

that he would have to take time to study Burmese proposals. Rangoon had dispatched Myint Thein to Peiping in the hope of ending Chinese stalling on a border agreement.

Myint Thein declared the Burmese could not accept Peiping's latest demands for more territory in the border area. In reply, Chou professed to believe he could find solutions to the points in dispute. He asserted that the 1941 line in the Wa States area was "unjust" but that Peiping would accept it "out of feelings of friendship." The Burmese in Peiping, however, were not optimistic over the prospect for reaching early agreement.

U Nu has to a large extent staked his position as prime minister on his promise to obtain a border settlement favorable to Burma. While the Chinese Communists have avoided a settlement, they have continued their protestations of friendship and have made it difficult for Nu to accuse them publicly of outright intransigence.

**10. BELGRADE CONCERNED OVER WEST'S REACTION
TO ITS CURRENT POSITION**

Yugoslav Under Secretary for Foreign Affairs Ivezkovic summoned the US chargé in Belgrade on 30 September to express concern over the Western view that Belgrade and Moscow have established closer relations. Ivezkovic was worried over an American press "campaign" against Yugoslav policies and feared that it might prejudice US-Yugoslav economic assistance talks in Washington.

Ivezkovic agreed with the chargé that his government must find a way to manifest publicly its continued "adherence to the middle of the road." He "vehemently" denied that there was any basis to rumors that Soviet Defense Minister Zhukov would offer military assistance during his visit to Yugoslavia next week.

Comment

Belgrade has consistently balanced its moves toward the USSR with gestures to reassure the West. The Yugoslavs announced on 1 October that Vice President Kardelj would leave on 21 October for an official visit to Greece.

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