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9 November 1955 3.3(h)(2)

Copy No. 100

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 59NO CHANGE IN CLASS. DECLASSIFIED

CLASS. CHANGED TO: TS S C

NEXT REVIEW DATE: 2010

AUTH: HR 70-2

DATE: 16 JAN 1980 REVIEWER:

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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1. TITO REAFFIRMS VIEWS ON WESTERN PROBLEMS

[Redacted]

Yugoslavia's President Tito told Secretary Dulles at Brioni on 6 November that he has no doubt the USSR fears a revived militaristic and expansionist Germany. Tito believes the danger of German as well as Soviet aggression must be constantly kept in mind, since consideration of only one promotes the other.

He said Germany must be independent, with the right of limited rearmament, and both Germanies must take part in the reunification process, which he felt would be slow and very gradual. Tito thought there was no danger of East Germany "swallowing" West Germany. He suggested that a solution to the question of European security would facilitate the settlement of the German problem.

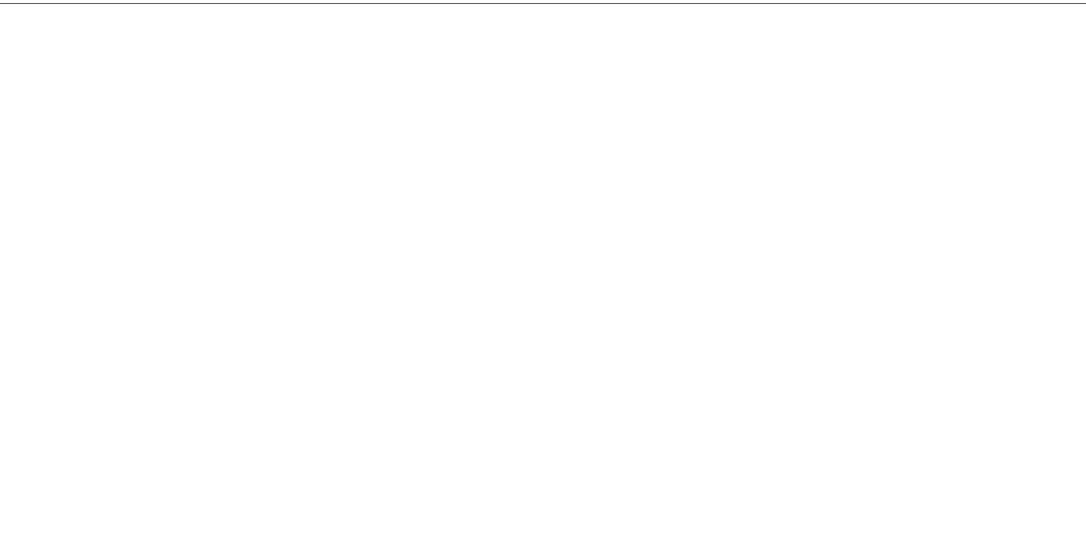
Commenting on the Middle Eastern situation, which he saw as a real danger, Tito said the West should stress to the Arabs that Israel "has become a fact of life and must be recognized by them." He added that he would particularly stress this to Nasr when he visits Egypt in December. He commented that the great powers should assist the Arabs economically in solving the problem of the Arab refugees, which is poisoning relations with Israel.

Tito characterized as untrue reports that Yugoslavia wants to eliminate the military provisions of the Balkan pact and claimed they require less emphasis because of the improved world situation. Tito said he felt that the pact's usefulness would increase despite Turkish actions against the Greeks.

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2. ECUADOR REPORTEDLY RECEIVING CZECH ARMS MISSION



Comment

Ecuador's motivation in seeking arms, even from the Soviet bloc, is its long-standing boundary dispute with Peru, which caused it to bring charges of impending Peruvian aggression before the Organization of American States in early September. Ecuador has been unable to obtain the arms it desires from other western hemisphere sources.

There has been no prior evidence that Czechoslovakia intended to send a mission to Ecuador.

[redacted] an Ecuadorian arms purchasing mission was en route to Czechoslovakia and Poland in early October. Czechoslovakia first displayed interest in selling arms to Ecuador last January, after numerous previous approaches by Ecuador. Since then, considerable negotiations have taken place but no deal is known to have been consummated.

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3. BURMA AND POLAND TO EXCHANGE DIPLOMATIC REPRESENTATIVES

Rangoon to announce on 10 November that Burma and Poland had agreed to exchange diplomatic representatives at the legation level in the interest of promoting friendship and normal international relations.

Comment

This announcement is designed to coincide with U Nu's visit to Warsaw.

It also follows close on the conclusion of a three-year trade agreement between Burma and Poland involving the annual exchange of 50,000 to 60,000 tons of Burmese rice for Polish manufactured goods. This raises to 25-30 percent the amount of Burma's rice exports being shipped to the Orbit.

The establishment of a Polish legation will bring to four the number of Communist diplomatic posts in Rangoon.

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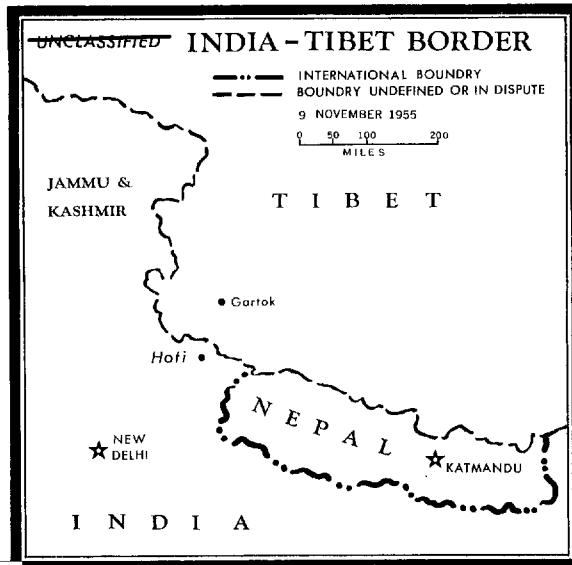
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4. INDIA INVITES PEIPING TO FORM BORDER COMMISSION

Comment on:

The crossing of the Tibet-India border by Chinese Communist troops near Hoti into an area which India claims has led New Delhi to propose to Peiping creation of a joint commission to settle the ownership of the territory, according to press reports from New Delhi. Indian army forces reportedly have been moved into position and are now facing the Chinese troops "within shouting distance." However, an Indian spokesman is quoted as saying that violence in the area is "quite unlikely."

The Indian government probably has publicized the incident to show its displeasure and to bring pressure of international opinion to bear on the Peiping regime to withdraw its troops. Communist China has thus far made no statement on the matter. In previous border contacts Chinese forces have withdrawn.

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5. SUDAN CABINET MAY FACE CONFIDENCE VOTE

Sudanese opposition parties--important elements of which are subsidized by the Egyptian government--plan to raise a parliamentary motion of no confidence in Prime Minister Azhari's cabinet and expect to have enough votes to oust it, according to the American liaison officer in Khartoum. The motion is expected to come up between 10 and 16 November.

The US liaison officer believes the vote will be close, with the odds slightly in favor of Azhari, who has declared himself in favor of independence rather than union with Egypt. If the Azhari cabinet is defeated, it would probably be replaced by a coalition in which the present leader of the parliamentary opposition might become prime minister, since no other group appears strong enough to govern alone.

Azhari's past record suggests that he may be able to head off or defeat such a move against him. While a new Sudanese cabinet might include persons amenable to Egyptian influence, the Sudan's basic movement toward independence would probably be unchanged.

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6. BRAZILIAN PRESIDENT TAKES LEAVE OF ABSENCE

Comment on:

[Redacted]

President Joao Café Filho of Brazil has taken indefinite leave of absence for medical reasons, according to an official announcement of 8 November.

He has been hospitalized since 3 November, following a heart attack.

Carlos Luz, president of the Chamber of Deputies, has become acting president. If Café had resigned, the Brazilian Congress would have been constitutionally required to elect a new president within 30 days. Under present circumstances, however, Luz apparently will serve until Café chooses to resume office or until his term expires on 31 January 1956. In any event, the government is unlikely to initiate any major policy changes in its few remaining months.

Tension is already high in Brazil because of reported military plotting to prevent president-elect Juscelino Kubitschek and vice president-elect Joao Goulart from taking office at the close of Café's term. The present changeover injects an additional element of confusion into the situation. [Redacted]

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THE ARAB-ISRAELI SITUATION

(Information as of 1700, 8 November)

A clash between Israeli and Egyptian forces in the area of Eilat, Israel's port on the Gulf of Aqaba, occurred on 8 November. This is the first fighting in this area since 1949. Egypt and Israel have both threatened action around Eilat. Nasr once implied that Egypt would strike back here rather than in the north, and Israeli prime minister Ben-Gurion has repeatedly said Israel would act forcibly to break the blockade which Egypt has established at the mouth of the gulf. Neither state is believed to have forces larger than company size in the immediate area. Extensive fighting around Eilat would probably also involve Jordan, whose territory is only a few miles distant at this point. A British force of one armored squadron has been stationed for some time at Aqaba, Jordan's port within sight of Eilat.



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[redacted] lessened tension within Israel, with requisitioned buses released on 6 November and leave granted some Israeli army personnel over the week end.

Israel's fear that Egypt would counter the Israeli attack of 4 November by using Fedayeen (fanatic Moslem) terrorists appears to have been supported by two incidents of terrorism on the night of 6 November.

[redacted]
[redacted]

Israel has announced that Foreign Minister Sharett will leave for the United States on 9 November in an attempt to obtain American arms aid. (Press)

Communist economic deals with Egypt may have gone a step forward with a reported offer of over \$21,000,000 worth of wheat from Communist China. Peiping would have some difficulty, however, in supplying a large quantity, as wheat is not a normal Chinese export and China's 1955 wheat harvest was only fair.

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