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14 December 1955

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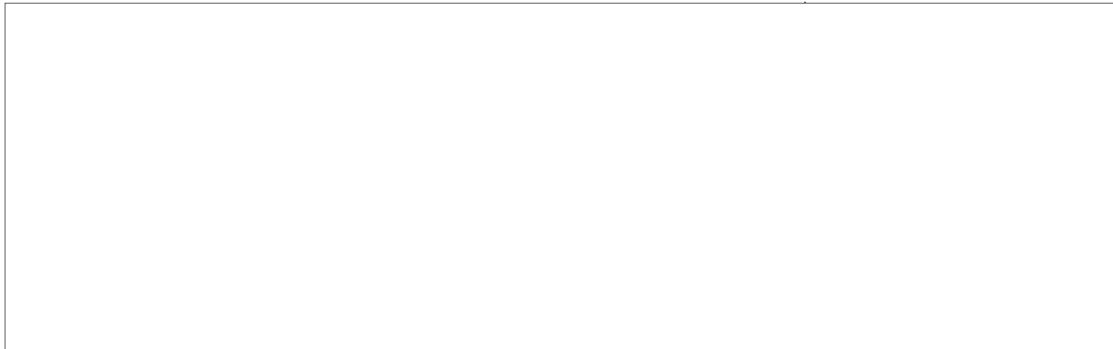
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CURRENT INTELLIGENCE BULLETIN

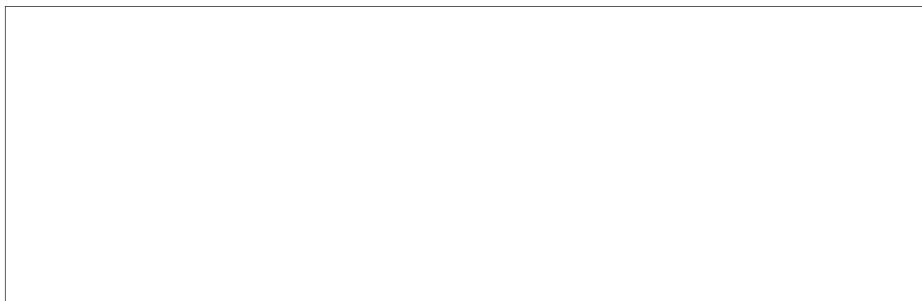
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1. THE SOVIET-INDIAN DECLARATION AND TRADE AGREEMENT

The Soviet-Indian declaration, issued in New Delhi on 13 December at the end of the Bulganin and Khrushchev visit,

was made use of by Moscow to place Nehru on record once more as agreeing with Moscow on a number of points with reference to international affairs. The familiar "five principles" are reaffirmed and UN membership and possession of Taiwan are urged for Communist China. The absence of anticolonial statements probably is the result of the restraining influence of Prime Minister Nehru. Some reports had indicated that the Soviet leaders were pressing to include statements on such issues as Goa and Kashmir.

The declaration takes cognizance of a number of international events since the issuance of the Bulganin-Nehru declaration in Moscow last June. It condemns the establishment of military blocs--a point not included in the June statement and apparently aimed primarily at the Baghdad pact. The talks between the United States and Communist China in Geneva are favorably noted and hope is expressed that talks on broader subjects will be held at a higher level.

Along with the communiqué, a new trade agreement was announced committing Moscow to supply India with 1,000,000 tons of steel over the next three years. Moscow's intention to alleviate the severe Indian steel shortage at the expense of Soviet domestic steel requirements underlines the Kremlin's desire for India's good will.

The USSR also agreed to sell India oil, mining and other equipment and to increase Soviet purchases of raw materials and manufactured goods. The oil and mining equipment purchases are probably the result of negotiations prior to the visit.

Concurred in by ORR)

2. USSR MAKES ARMS OFFER TO ECUADOR

Comment Whether or not the Velasco government intends to accept these offers at this time is not known. Ecuador is now engaged in an arms race with its neighbor Peru, with which it has a long-standing boundary dispute.

During the past year the Velasco regime has been negotiating with Czechoslovakia for arms. It now appears, however, that Quito may sever relations with Prague because of Velasco's strong belief that the Czech legation was deeply involved in the recent student riots, which for a period threatened the stability of his government.

Ecuador has ordered its diplomatic and consular offices abroad to suspend the granting of visas to Czech diplomatic couriers. (Concurred in by ORR)

3. RHEE AVOIDS NEGOTIATIONS WITH JAPAN

Comment South Korean propaganda in the last few days has closely followed the line reported ordered by Rhee.

The Japanese government has expressed the hope that the United States will mediate in the fisheries dispute. Rhee's primary objective is to undermine Japan's special position in Asia. Ambassador Allison notes that previous conciliatory efforts by Japan have been contemptuously dismissed by Rhee as "tricks," and that strong pressures would be necessary to induce Rhee to negotiate with Japan on reasonable terms.

THE ARAB-ISRAELI SITUATION
(Information as of 1700, 13 December)

No significant military activity has been reported, and there are no indications of imminent Arab retaliation for the Israeli raid against Syria on 11 December. Syria has formally requested a meeting of the UN Security Council to hear complaints on the incident. Popular demonstrations have occurred in Syria protesting the Israeli action and the "lenience of the West." No official statement has yet been made in either Damascus or Cairo.

The American chargé in Tel Aviv suggests that Israel may have wanted to test the new Syro-Egyptian military pact, either to prove to Syria and the other Arab states that the Egyptians cannot be relied on for assistance, or to provoke Egyptian forces into overreaching themselves in the south.

UN truce chief General Burns, who conferred with Israeli prime minister Ben-Gurion on 11 December, thinks the Israelis will not wait indefinitely for agreement on the UN proposals for the El Auja demilitarized zone and believes that they may soon engage in some new act of retaliation.

An additional Soviet freighter, the Admiral Ushakov, docked at Alexandria.

This makes three Soviet vessels which apparently delivered military equipment to Egypt at that time. The other two were the freighter Alexander Nevsky and the tanker Gregory Vakulentchuk. The size of crates observed on the Nevsky and Ushakov suggests that they carried disassembled jet aircraft as well as other types of arms. The Vakulentchuk evidently carried a limited amount of military equipment as deck cargo.

On 10 December the US air attaché saw 12 BEAGLES (IL-28 jet light bombers) at Cairo West military airfield. He had seen only five BEAGLES there on 8 December and believes the others must have been flown in from the assembly airfield at Dikheila west of Alexandria.