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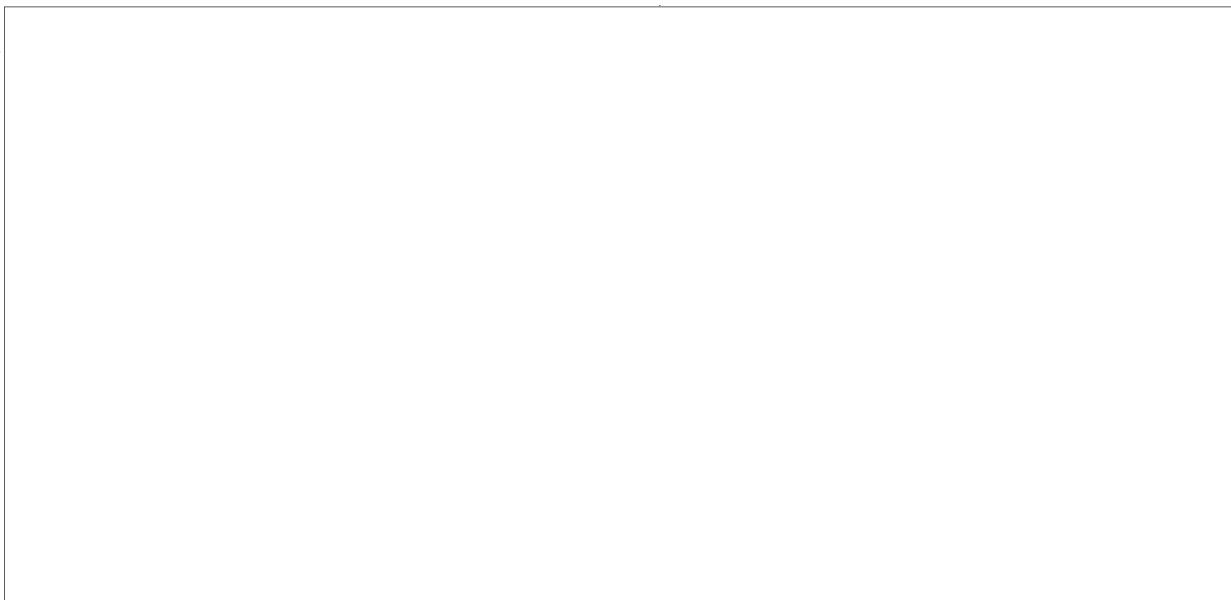
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### THE ARAB-ISRAELI SITUATION

[redacted] (page 8)

**1. USSR OFFERS EGYPT SUPPORT IN UN SECURITY COUNCIL**

Soviet deputy foreign minister Zorin has told the [redacted] in Moscow that the West cannot hope for formal Security Council support for its proposals for "internationalization and the users' association" since the Soviet Union "will never give them that satisfaction," [redacted]

[redacted] Zorin said that "it would be useful to know" the Egyptian plan. He added that Soviet delegate Sobolev at the UN had been instructed to work closely with the Egyptian delegation and expressed a desire for a reciprocal arrangement "in order to cope quickly and easily with different tactics and maneuvers."

Zorin gave the [redacted] the impression that the USSR regretted that Egypt had not appealed to the Security Council before the West did, "as Moscow had advised." He recommended that Cairo seek support directly from Iran, in order to prevent the West from "pretending Asian support," and from Yugoslavia, whose "active moves would help Egypt's case." As to the rest of the members, Zorin stated that there was "not very much hope!"

**Comment**

[redacted] further evidence of Soviet intentions to veto any Western attempts to win the Security Council's endorsement of the 18-nation plan for international control or of the users' association. In addition to providing strong support for Egypt's complaint of Anglo-French military economic pressures, the Soviet delegate may press for Security Council approval of Egypt's proposal for a 45-nation conference.

The British-French resolution on Suez, as worded on 28 September for submission to the UN Security Council, calls on Egypt to negotiate a settlement on the basis

of the 18-nation proposal which Nasr has previously rejected. The preamble of the resolution says "unilateral" Egyptian nationalization of the canal has created "a situation which endangers freedom of navigation through the canal" and characterizes Egyptian control as "arbitrary." Attempts will undoubtedly be made to make the terminology of the resolution more conciliatory.

## 2. USSR AGREES TO DEVELOP EGYPT'S RAW MATERIALS AND INDUSTRY

In talks with Soviet ambassador Kiselev, the Ethiopian ambassador to Egypt learned that the USSR and Egypt had signed an agreement in September calling for Soviet technical assistance in developing Egypt's agriculture, industry and mineral resources. The Soviet ambassador said that the USSR presently did not plan to aid Egypt in constructing the Aswan high dam, believing that the country's industrial and mineral potential, which the Russians regard as substantial, should be developed first. Egypt is to pay for the assistance, but the USSR will "make available to Egypt facilities for payment."

**Comment**      The Egyptian government probably believes that by paying for the technical assistance it will have control over the projects and the foreign personnel working on them.

### 3. COMMUNIST CHINA'S SECOND FIVE-YEAR PLAN

[Redacted]

Communist China's Second Five-Year Plan (1958-62), passed by the party congress on 27 September, calls for an increase in the total value of production of 75 percent over the First

Five-Year Plan. Industry is to increase production by 100 percent and agriculture by 35 percent. Capital goods are to increase from 38 to 40 percent of total industrial production under the first plan to 50 percent under the new plan.

In general the industrial goals, while optimistic, are in line with present growth trends and appear feasible, granted the continuance of large-scale Soviet aid. The agricultural goals, on the other hand, while far more conservative than preliminary announcements, are believed to be still somewhat in excess of probable achievement.

[Redacted]

#### 4. EOKA DEMONSTRATES CONTINUED CAPABILITY FOR TERRORISM

[REDACTED]

The recent series of "skillfully executed exploits" by the Cypriot underground EOKA is a discouraging setback to the British authorities, the American consul [REDACTED] on Cyprus reports. The British had been fairly confident that EOKA could not resume operations on such a scale after its abortive truce at the end of August.

The consul says EOKA still has men, weapons and organization, and despite numerous witnesses to many of the attacks, British authorities have obtained almost no pertinent information. Many captured terrorists have escaped, and EOKA has captured a number of weapons.

The consul concludes that, since the basic emotion of most Greek Cypriots is "liberation" from British rule by any means, it is questionable that the British can destroy EOKA's popular support.