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22 January 1959

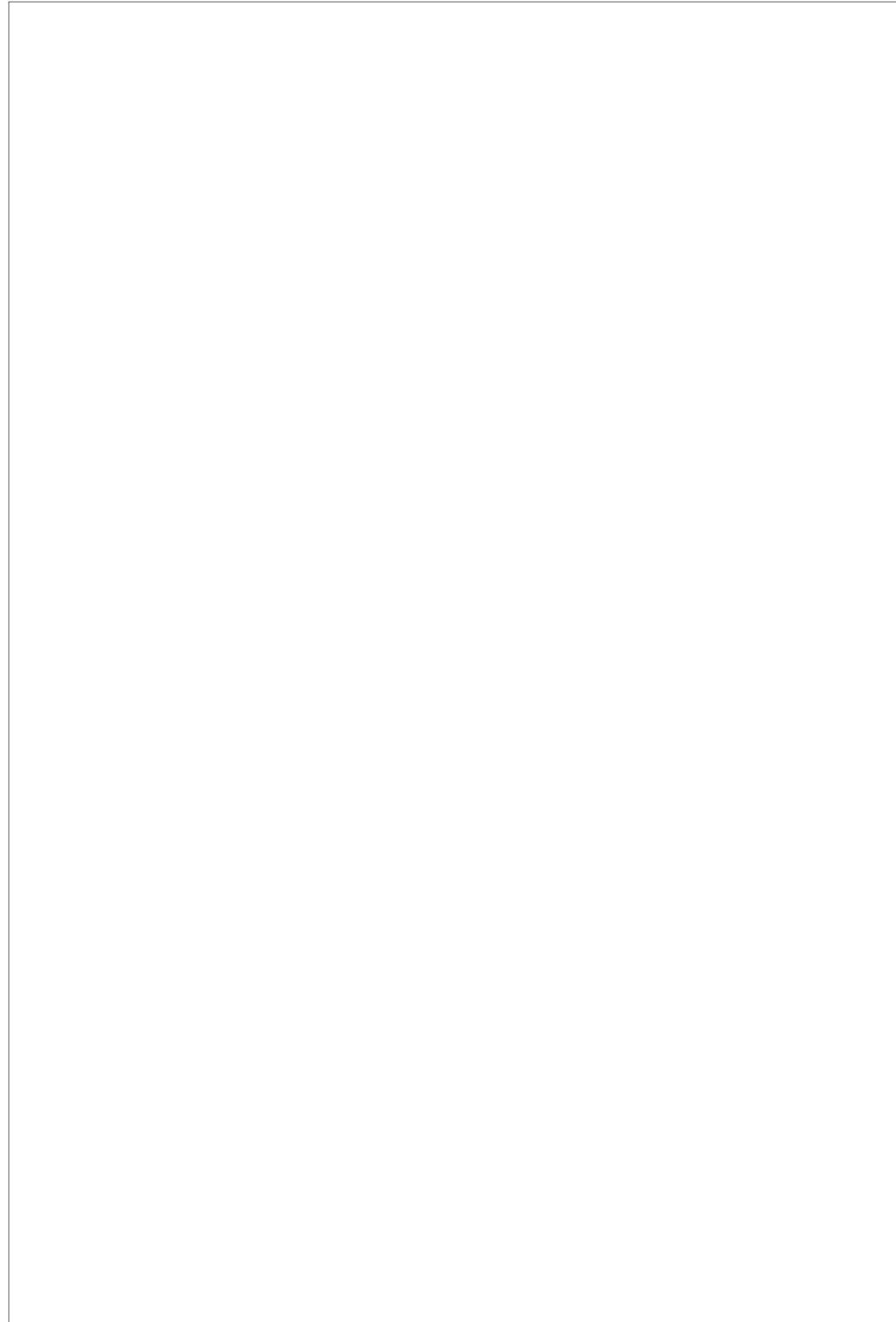
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CENTRAL INTELLIGENCE BULLETIN



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22 JANUARY 1959

I. THE COMMUNIST BLOC

Finns see signs USSR is easing pressure which brought down Finnish Government in December.

(1)

Soviet submarines, minesweepers apparently headed for delivery to UAR.

(2)

II. ASIA-AFRICA

Cambodia - General Dap Chhuon plans coup against Sihanouk regime in early February.

(3)

Israeli naval maneuvers reassert right to use Gulf of Aqaba.

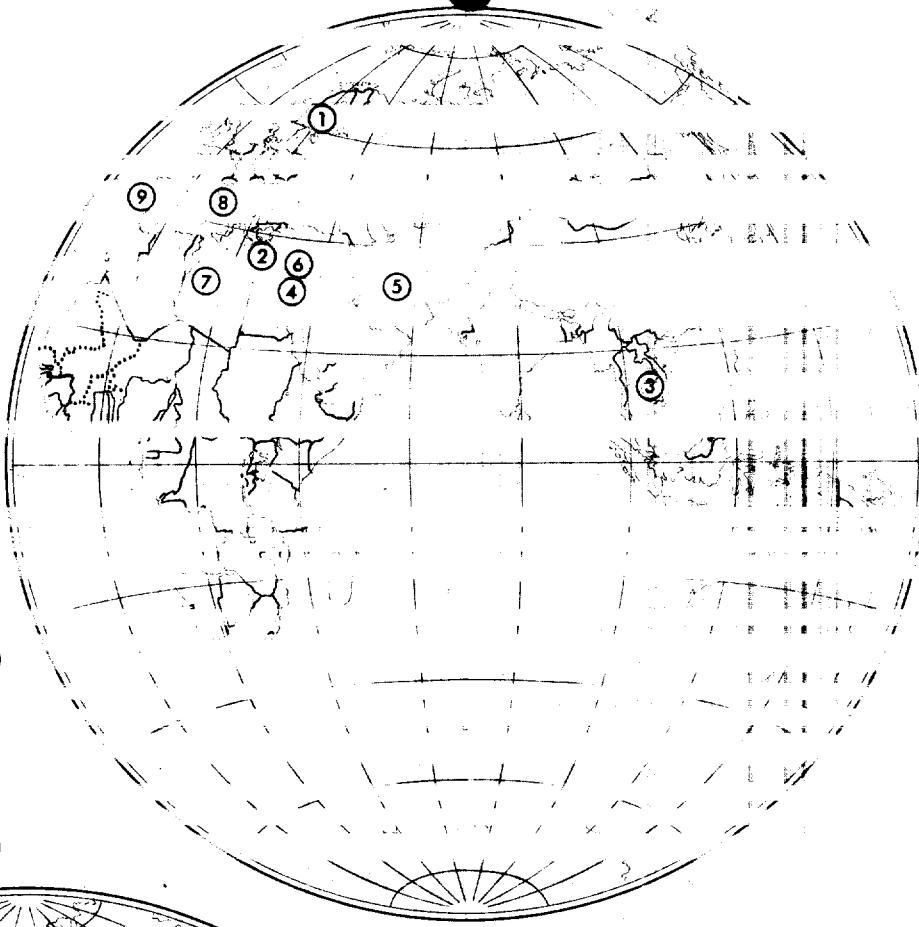
(4)

Iran seeks better relations with UAR to offset Communist trend in Iraq.

(5)

Lebanon - Tensions between Christian and Moslem communities continue in Lebanon.

(6)

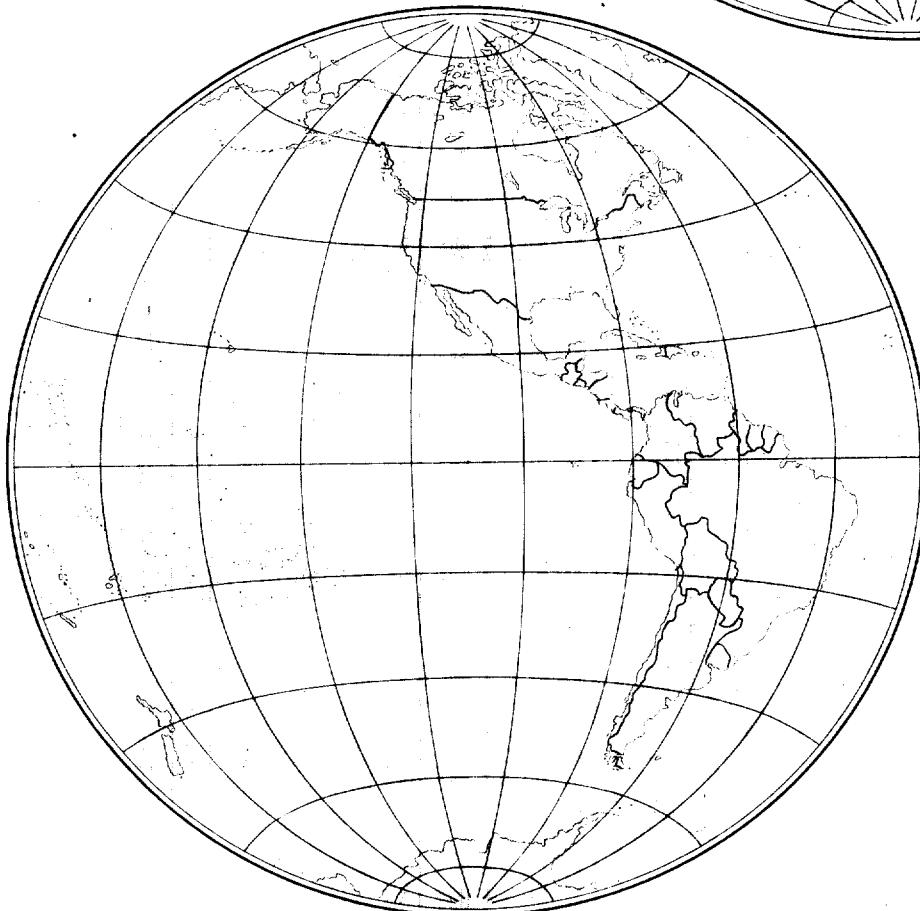


(7) Libya may seek heavy weapons from Nasir; anti-Western clique urges King to visit Cairo.

III. THE WEST

(8) Italy - Independent Socialist leader predicts defection of followers to Nenni, which could eliminate Fanfani's parliamentary majority.

(9) Portuguese regime worried over escape of opposition leader.

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CENTRAL INTELLIGENCE BULLETIN

22 January 1959

DAILY BRIEF**I. THE COMMUNIST BLOC**

No

USSR-Finland: The first sign of relaxation of the Soviet pressures which last month toppled Finland's conservative coalition government is the statement by the Soviet chargé in Helsinki that the long-deferred trade negotiations can begin shortly. Official statements by the Finnish Communist party, however, have severely criticized the new minority Agrarian government formed last week. Meanwhile, President Kekkonen has left on a "private" visit to Leningrad.

(Page 1)

No

Soviet naval movements in Mediterranean: Three Soviet W-class submarines and a T-43 class minesweeper that left the Baltic Sea on 7 January have moved into the eastern Mediterranean. These ships may be scheduled for delivery to the UAR but further routing of some of these units to Indonesia is also possible. Two T-43 class minesweepers and a Soviet naval supply ship that left the Black Sea on 17 January have probably arrived at the Syrian port of Latakia. These minesweepers are apparently being delivered under terms of a Soviet-Syrian arms agreement concluded before the formation of the UAR.

No

Watch Committee conclusion--Taiwan Strait: The Chinese Communists continue to have the capability of seizing some of the smaller offshore islands in the Taiwan Strait area with virtually no warning. A review of the evidence does not reveal an intent to initiate a major attack in the immediate future.

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II. ASIA-AFRICA

Cambodia: General Dap Chhuon, commander in western Cambodia, plans to mount a coup against the regime of Premier Sihanouk on 9 or 10 February.

Chhuon apparently is counting on the cooperation of several high-ranking military figures. The attitude of the army chief of staff, as yet unknown, would determine whether a coup could be bloodless. The reported dates coincide with Sihanouk's planned visit to Indonesia and also with Chinese New Year celebrations.]

(Page 2)

Watch Committee conclusion--Middle East and Southeast Asia: Situations susceptible of direct exploitation by Sino-Soviet hostile action which would jeopardize US interests exist in the Middle East and Southeast Asia.

Middle East: Although the situation in the Middle East remains precarious, a deliberate initiation of large-scale hostilities is unlikely in the immediate future. Communist influence and activity in Iraq continue to pose the threat of Communist control of the government.

Southeast Asia: In Cambodia, Premier Sihanouk's awareness of political plots against him, abetted by Thailand and South Vietnam, may impel him to seek increased Communist support.

Israel - Aqaba Gulf: The "routine training exercises" which Israeli motor torpedo boats began in the Gulf of Aqaba on 20 January apparently are intended to reassert Israel's determination to use the gulf. They may be timed to precede an Arab League meeting on maritime law in Cairo on 24 January which will seek to bolster Arab claims to control of the entire gulf.

(Page 3) (Map)

Iran-UAR: The Iranian Government, alarmed at recent Communist activities in neighboring Iraq and apparently considering major adjustments in its policy, appears to be

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interested in improving relations with the UAR. Foreign Minister Hekmat, [redacted]

[redacted] has stressed to the UAR ambassador in Tehran his determination to strengthen relations through various means, including an exchange of visits by high-ranking officials. Improved relations between Tehran and Cairo would also be in line with the Shah's reported admiration for Nasir's ability to exploit both East and West for economic and military gain. [redacted] (Page 4)

OK
Lebanon: Clashes between Christian and Moslem students, over a plan to offer in the Arabic language training in law which has hitherto been available only in French at a Jesuit school, are symptomatic of the continuing pressure of Lebanon's Moslems for control of the state. Controversies between the Christians and Moslems in Lebanon will continue to create public tension and dissension in the cabinet. [redacted] (Page 5)

OK
Libya: [The Libyan defense minister's visit to Cairo late this week may be for the purpose of requesting arms, including tanks and armored cars. A UK official recently discouraged a Libyan request for heavy equipment. The influential clique opposed to the pro-Western Crown Prince is reported to have persuaded King Idriss to visit Egypt beginning in May.] [redacted]

[redacted] (Page 6)

III. THE WEST

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Italy: Vice Premier Saragat predicts that several deputies of his small Democratic Socialist party will split away to join the Nenni Socialists as a result of Nenni's victory over the pro-Communists at the recent party congress. Such a move would wipe out Premier Fanfani's present three-vote parliamentary margin. There is reason to believe, however, that a government crisis may be postponed until after the April congress of Fanfani's Christian Democratic party. [redacted]

[redacted] (Page 7)

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DAILY BRIEF

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Portugal: [The escape of ex-army Captain Henrique Galvao, long-time Portuguese opposition leader, from a Lisbon hospital on 15 January has aroused the concern of key members of the Salazar regime,] Galvao, whom Portuguese police officials regard as a real threat to the government, could provide the leadership, heretofore lacking, for the increased popular opposition to the regime and at the same time obtain decisive backing from dissatisfied elements among regime supporters to effect Salazar's retirement at an early date.] (Page 8)

22 Jan 59

DAILY BRIEF

iv

~~TOP SECRET~~ [redacted]

I. THE COMMUNIST BLOC

USSR Eases Pressure on Finland

[Moscow has begun to relax the pressures which toppled Finland's "rightist" coalition government last month, but has not yet indicated firm approval of the new minority Agrarian government formed last week by V. J. Sukselainen without Communist representation.]

[The Soviet chargé informed Finnish officials on 19 January that long-deferred trade negotiations can begin soon and that the USSR would be prepared to receive a delegation "within a matter of days." According to the Finnish press, suspended Soviet payments to several Finnish industries have been resumed.]

[The USSR, at Finland's request, renewed an invitation extended last May for a "private visit" by President Kekkonen. Soviet officials had ignored earlier attempts by the Fagerholm government to arrange such a visit. The new Finnish Government's desire to adopt a conciliatory posture toward the USSR is reflected in its prompt reply to the Soviet proposal for a conference to draft a German peace treaty which stated that Finland is ready to "contribute" to the success of such a conference.]

[The USSR still has not replaced its ambassador to Finland, withdrawn last September, but Peiping, which followed the Soviet action in October, has now requested approval for its new ambassador.]

[Official press statements by the Finnish Communist party (FCP), however, have asserted that the Sukselainen government is incapable of "restoring relations of trust with the USSR" and have accused it of "preparing the way for a rightist return to power." The Finnish Communists' attacks, quoted by TASS, suggest that they will continue to agitate for inclusion in the government.]

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II. ASIA-AFRICA

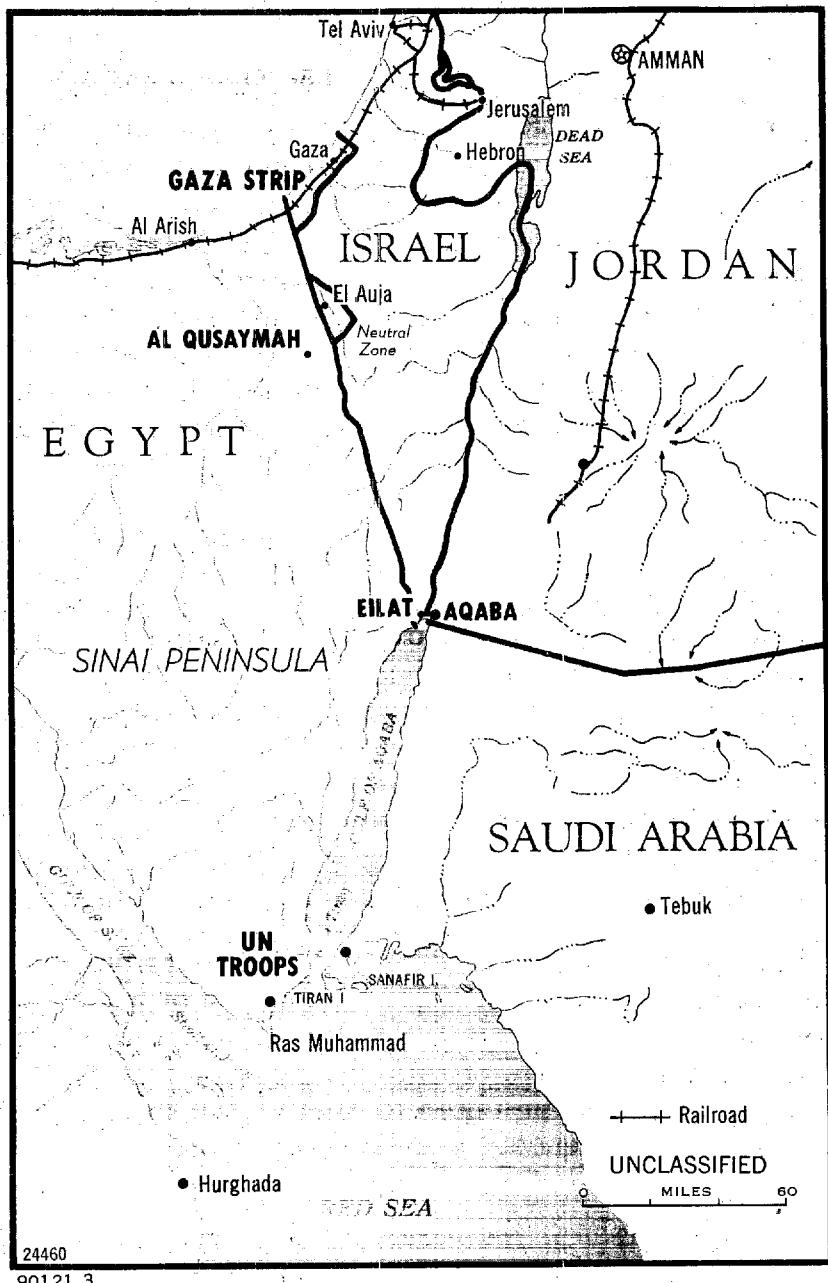
Anti-Sihanouk Forces in Cambodia Ready for Early Coup Effort

[Brigadier General Dap Chhoun, disaffected commander of the Fourth Military Region in western Cambodia, plans to mount a coup against the Sihanouk government on 9 or 10 February,] Chhoun, who controls about 3,000 men in the field and claims the allegiance of the palace guard battalion in Phnom Penh, is said to feel that the time is ripe to make his move and provide strong leadership to various elements dissatisfied with Sihanouk's rule. The contemplated date for the coup coincides with the Buddhist New Year festival period when security normally is lax.]

[Chhoun apparently is banking on the support of several high-ranking military officers to effect a swift and bloodless coup. Army Chief of Staff Lon Nol, whose attitude in this situation is uncertain, may prove a critical factor in the success of these plans if they become known to him. He probably would desert Sihanouk only if he felt assured that Chhoun's forces would be victorious.]

[Chances of a successful sudden grab for power, however, may be diminished by Sihanouk's alertness to an apparently separate effort by South Vietnam and Thailand to unseat him. Sihanouk is taking urgent steps to rally popular support by airing charges of a Western-supported conspiracy aimed at overthrowing Cambodia's monarchy in favor of a pro-SEATO government. In a proclamation to the nation on 20 January, Sihanouk revealed details of this "foreign plot" as well as security measures being taken to contain the threat to Cambodia's independence.]

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Israel Begins Naval Exercises in Gulf of Aqaba

Israel's two torpedo boats at Eilat began "routine training exercises" in the Gulf of Aqaba on 20 January. The exercises probably were timed to precede an Arab League maritime conference in Cairo on 24 January in order to emphasize Israeli determination to use the gulf despite Arab objections.

Saudi Arabia and the United Arab Republic together claim territorial rights over the entire gulf and the right to prohibit Israel's use of it. These claims will be discussed at the Arab League meeting, as will conventions prepared at the 1958 Geneva Conference on the Law of the Sea. The Geneva convention which endorses a three-mile width for territorial seas conflicts with the Arabs' claim to 12 miles. [redacted]

The Arabs have thus far made no attempt to prevent transit of the gulf by Israeli vessels. Jordanian Army units in the Aqaba port area have maintained a passive attitude. Saudi infantry and artillery units on the eastern shore of the gulf have been repeatedly instructed not to fire unless fired on, and most Saudi forces late this fall were ordered to pull back from the gulf coast to the base at Tebuk. Egyptian forces have not reoccupied the western side of the gulf since the hostilities in 1956, and a small detachment of UN troops is stationed on the Egyptian side of the entrance of the gulf.

The Egyptians have this year, however, built and occupied a base at Hurghada on the west coast of the Red Sea opposite the entrance to the Gulf of Aqaba. The base includes a modern military airfield and facilities for sheltering small naval craft, including motor torpedo boats. [redacted]

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Iran Seeking Closer Relations With UAR

The UAR ambassador in Iran, [redacted] informed his government that Iranian Foreign Minister Hekmat is seeking to strengthen relations between Iran and the UAR. [redacted] Hekmat desires to visit Cairo to deal directly with the UAR Government. Apparently Hekmat feels that the signing of a cultural agreement between Iran and the UAR in September 1958 and a recent exchange of correspondence have prepared the way for a more intimate association with the UAR. Hekmat stated that there is nothing wrong with the UAR's nationalist policy and that as long as he is foreign minister, he will work diligently to strengthen Iranian relations with the UAR.

Hekmat's approach to the UAR may indicate that the Iranian Government, worried by the situation in Iraq, has decided that, in the struggle between Nasir and Communist forces for control of Iraq, Nasir is the lesser of two evils. In addition, Hekmat's action may be another reflection of the Shah's concern over his lack of success in obtaining new US guarantees to defend Iran and support for the Baghdad Pact. The Shah has indicated that he is considering a neutral role for Iran and a 50-year nonaggression pact with the USSR. He may believe that Iran's security will be further increased by reaching an accommodation with Nasir. [redacted]

[redacted]

~~TOP SECRET~~ [redacted]

The Lebanese Situation

A student strike over the question of teaching law in the Arabic language at the government-controlled Lebanese Academy has aroused religious antagonism and caused clashes between Moslem and Christian students. Up to the present time the teaching of law in Lebanon has been confined to Université St. Joseph, a French-financed school sponsored by the Université de Lyon, and instruction has been in French. The president of the Arabic-language Lebanese Academy, sometimes referred to as the Lebanese University, has no college degree, and its faculty and educational standards are far below those at St. Joseph.

Moslem students throughout Lebanon went on strike several days ago in support of the Academy's efforts to add a law curriculum. French-oriented secondary students struck in retaliation. The dispute, now drawn along religious lines, has reached into the cabinet, reportedly causing a rift between its two Christian and two Moslem members. While this particular dispute may be resolved, new controversies of this kind will continue to spring up to disrupt the cabinet, which is not being given effective leadership by President Shihab.

Recently there have been reports of threats by Communist and extreme Arab nationalist elements to continue to foment labor strife in Lebanon. These elements' efforts are primarily directed against pro-Western unions in the fields of transportation, dock workers, public utilities, and the textile mills. The textile workers and truck drivers now are on strike. Next on the extremists' list are the workers of the tobacco monopoly. With some unemployment and reduced economic activity as a consequence of last summer's rebellion, the field is fertile for extremist elements to incite labor troubles, and Communist trade unionists, according to spokesmen for all democratic trade union elements, are enjoying favor with Prime Minister Karami.

There have been reports that the Syrians again have been smuggling arms to antigovernment forces in Lebanon. [redacted]

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Libyan Developments

[During the past few weeks, King Idriss and Prime Minister Kubaar have been seeking to improve strained relations with the United Arab Republic. Conscious of the steady increase in pro-Nasir sentiment among junior army officers, among provincial officials, and among the people generally, government spokesmen have capitalized on a few words of praise in Nasir's lengthy 27 November address to emphasize the friendly relationship between Libya and "brother UAR."]

[Nasir warmly welcomed the new Libyan ambassador, Khalil al-Qalal, to Cairo.]

[Libyan Defense Minister Ibrahim ben Shaaban plans to visit the UAR later this week and suggest that he is to be taken on a conducted tour of UAR military installations.]

[He intends to ask for arms, including tanks and armored cars, which the Libyan Government has unsuccessfully sought from Britain. In October 1957, the Egyptian Government presented King Idriss with a gift of six armored cars for his bodyguard.]

[A clique of influential Libyan officials, headed by Royal Chamberlain Busayri Shalhi and opposed to the pro-Western crown prince continues to plot against the government. Shalhi is [redacted] to have persuaded the King to plan a long visit to Egypt beginning in May. Since the present government is kept in power only by the personal loyalty of most key political, military, and tribal figures to the 69-year-old King, his absence might provide the opportunity for a successful coup.]

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III. THE WEST

Italian Government Continues in Jeopardy

Statements made by Vice Premier Saragat to US Embassy officials on 20 January suggest that the victory won over the pro-Communists by Pietro Nenni's autonomist faction at the Italian Socialist party's (PSI) congress may lead to a cabinet crisis. Saragat, leader of the Democratic Socialists, who are part of the government coalition, predicted that two to six of his party's 22 deputies will split away to join Nenni. This would erase the government's three-vote margin and could topple Prime Minister Fanfani unless he can gain tacit support from the PSI as a whole or from other parties outside the governing coalition, or unless Nenni decides to throw the support of some of his deputies to Fanfani, as has apparently happened on certain secret ballots.

On the other hand, right-wing Christian Democrats, fearful that Fanfani will get additional parliamentary support from the PSI, now may decide to oppose him openly. They have been voting against the government on secret ballots, but they apparently prefer to postpone the real battle until their party's congress, scheduled for 11-13 April.

Whether the left-wing Democratic Socialists decide to break with Saragat immediately or stay with him depends somewhat on their estimate of their eventual ability to pull the rest of the party with them into a unified Socialist party with Nenni. Presumably, their action will also be influenced by Nenni's decision as to whether or not he wants to bring down the government at this time.

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Portuguese Government Reported Nervous Over Opposition Leader's Escape

[On 15 January Hénriquie Galvao, a leading opponent of the Salazar regime, escaped from a Lisbon hospital. Sentenced last year to a long prison term on charges of antigovernment plotting, he is regarded as a martyr by a large segment of the public.]

[Galvao's escape has accentuated the nervousness of key members of the Salazar regime, already apprehensive that an opposition movement of unknown intensity may underlie the known political unrest. Police officials regard Galvao as a real threat who could provide a rallying point for all dissident elements.]

[Galvao is an ex-army captain said to retain the respect of many key army officers. He is a friend of General Humberto Delgado whose opposition presidential campaign last year alarmed the government by the unrest it revealed. Galvao was formerly an inspector of colonies and a parliamentary deputy whose sharp criticism of the government's domestic and colonial policies subjected him to the special enmity of Premier Salazar.]

[Though dissatisfaction with Salazar seems to be increasingly widespread, no group seems prepared yet to act on it. Galvao could provide the leadership which the popular opposition to the regime has heretofore lacked. At the same time, he could probably obtain backing from dissatisfied elements among regime supporters who feel that Salazar has outlived his political usefulness and that it is time for a change of government.]

SECRET

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Supreme Allied Commander, Europe

Commander in Chief, Pacific

The Department of the Interior

The Secretary of the Interior

Federal Bureau of Investigation

The Director

Atomic Energy Commission

The Chairman

National Security Agency

The Director

National Indications Center

The Director

United States Information Agency

The Director

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