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29 November 1958

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CENTRAL INTELLIGENCE BULLETIN



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29 NOVEMBER 1958

I. THE COMMUNIST BLOC

Shah says Soviet ambassador has offered large amounts of aid if Iran will cut ties with West.

II. ASIA-AFRICA

UAR gives Tapline until 6 December to meet Syrian demands for more revenue.

Morocco - Head of Istiqlal party, Allal el-Fassi, may succeed Balfrej as premier.

Moderate North African nationalist leaders disturbed by growth of pro-Nasir influence; press for release of Ben Bella.

Iraq has reduced military state of alert.

New National Front formed in Iraq; gains immediate Communist support.

Top Philippine military officials may be forced out.

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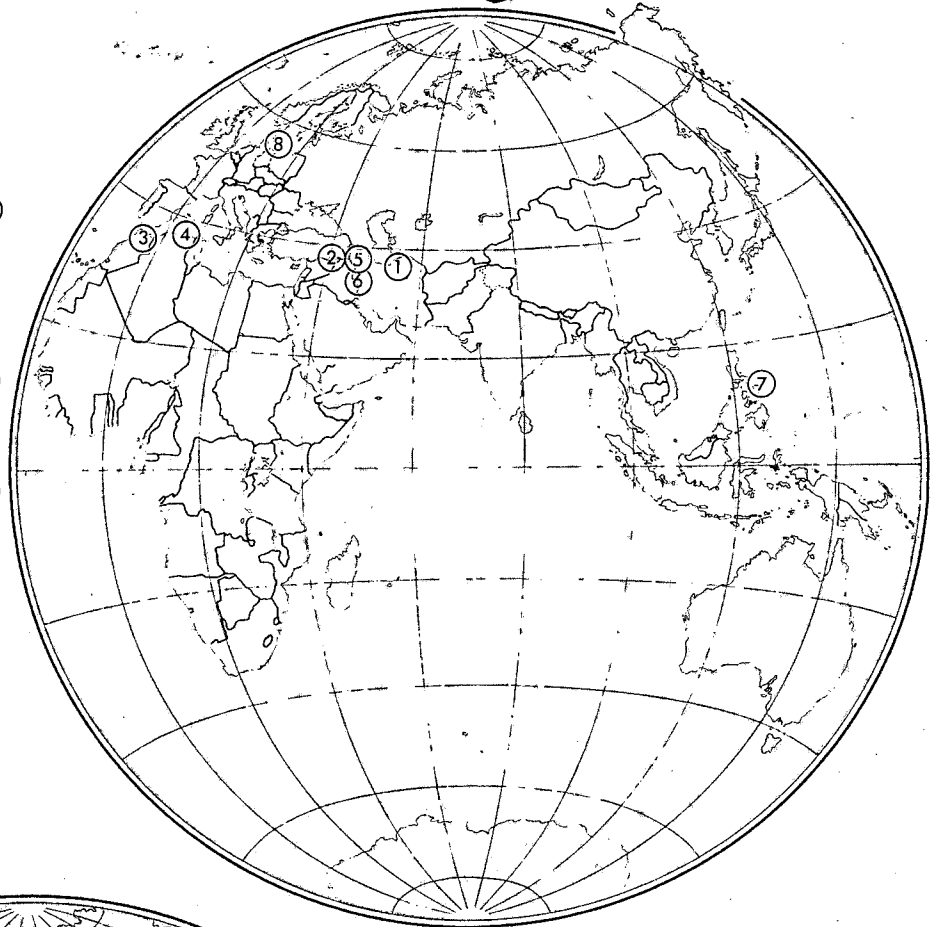
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III. THE WEST

⑧ Western reactions to Soviet proposal on Berlin.

⑨ Chile rejects Chinese Communist approach on copper deal.



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CENTRAL INTELLIGENCE BULLETIN

29 November 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

USSR-Iran: The Shah states that Soviet Ambassador Pegov, who returned from Moscow on 23 November, asserts the USSR would give "almost unlimited" aid to Iran if Tehran would forego its military ties with the West and adopt a "friendly" or neutral policy. Pegov warned on 26 November that if Iran refuses to change its present policies, the Soviet Union would be forced to regard Iran as an "enemy." The Shah maintains that Iran must receive additional military and economic aid from the West if he is to continue his firm attitude in the face of Soviet threats.

 (Page 1)

II. ASIA-AFRICA

Middle East oil: The UAR apparently has given an ultimatum to representatives of the American-owned Trans-Arabian Pipeline Company, which carries Saudi oil to the Mediterranean, to comply with Syrian demands for increased revenues by December 6 "or else." Nasir began a drive against Western oil interests late last summer designed to tighten UAR control of oil transit. His campaign may lead to some form of nationalization of the Syrian portion of the pipeline. (Page 2) (Map)

Morocco: Allal el-Fassi, head of the Istiqlal party, may become premier in place of Balafrej, whose resignation is rumored. One of Morocco's problems is unrest in the Rif region of northern Morocco, which Fassi claims is complicated by Egyptian machinations. Fassi states he probably would endorse Balafrej's demand for a phased evacuation from American

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bases within a few years and denial in the interim of their use for strategic purposes. [redacted] (Page 3)

OK -
North Africa: The more moderate leaders of the Algerian National Liberation Front (FLN) appear to be increasingly concerned over the influence of dissident FLN elements which are pro-Nasir and anti-Bourguiba. The moderates have the support of the Tunisian and Moroccan governments in their efforts to bolster their position, but are apparently arousing the antagonism of the UAR. The Moroccan leaders are pressing for the release of moderate rebel leader Ben Bella, whose absence is considered to favor the growth of pro-Nasir sentiments. [redacted] (Page 4)

Iraq alert reduced: Baghdad, like the UAR, now has reduced the alert called in the belief that an Israeli attack on Jordan was imminent. On 25 November units other than the regular H-3 pumping station garrison were ordered to their home stations. Iraqi logistical and security troops in the Basra area were placed on a reduced state of alert on 24 November until the arrival of ships presumably carrying Soviet arms.

[redacted]
Iraq: The National Front, announced in Baghdad on 26 November as a union of parties to fight "imperialism" and to promote inter-Arab unity, was engineered by Kamil Chadirchi, leftist leader of the National Democratic party (NDP). The Communists immediately announced their support, suggesting that they consider the Front a vehicle by means of which they can control the other members. These include the NDP, the pro-UAR Baath, and the ultranationalistic Istiqlal. [redacted]

OK
Philippines: Armed Forces Chief Arellano is scheduled for early retirement under duress, and the intelligence chief of the armed forces is to be relieved. These moves may foreshadow the replacement of other top military officials, possibly

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DAILY BRIEF

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including Defense Secretary Vargas, by persons considered more politically reliable by the Garcia administration. Meanwhile, the Philippine Senate defense committee is reportedly urging that the Philippine-US military assistance agreement either be revised or abrogated. [redacted] (Page 6)

III. THE WEST

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Berlin--Western reaction: A West German cabinet minister says Bonn is unconditionally opposed to the Soviet proposal to establish West Berlin as a free city. British Foreign Office officials feel that the West must counter Moscow's move with a proposal to discuss German unification and European security, possibly using the 1955 Geneva conference position as the basis for Western proposals. [redacted] (Page 7)

Chile - Communist China: The Chilean Government has rejected a recent Chinese Communist offer to enter into discussions on the sale of 100,000 tons of Chilean copper, stating that there was "no copper available this year or next year."

[redacted]

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DAILY BRIEF

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I. THE COMMUNIST BLOC

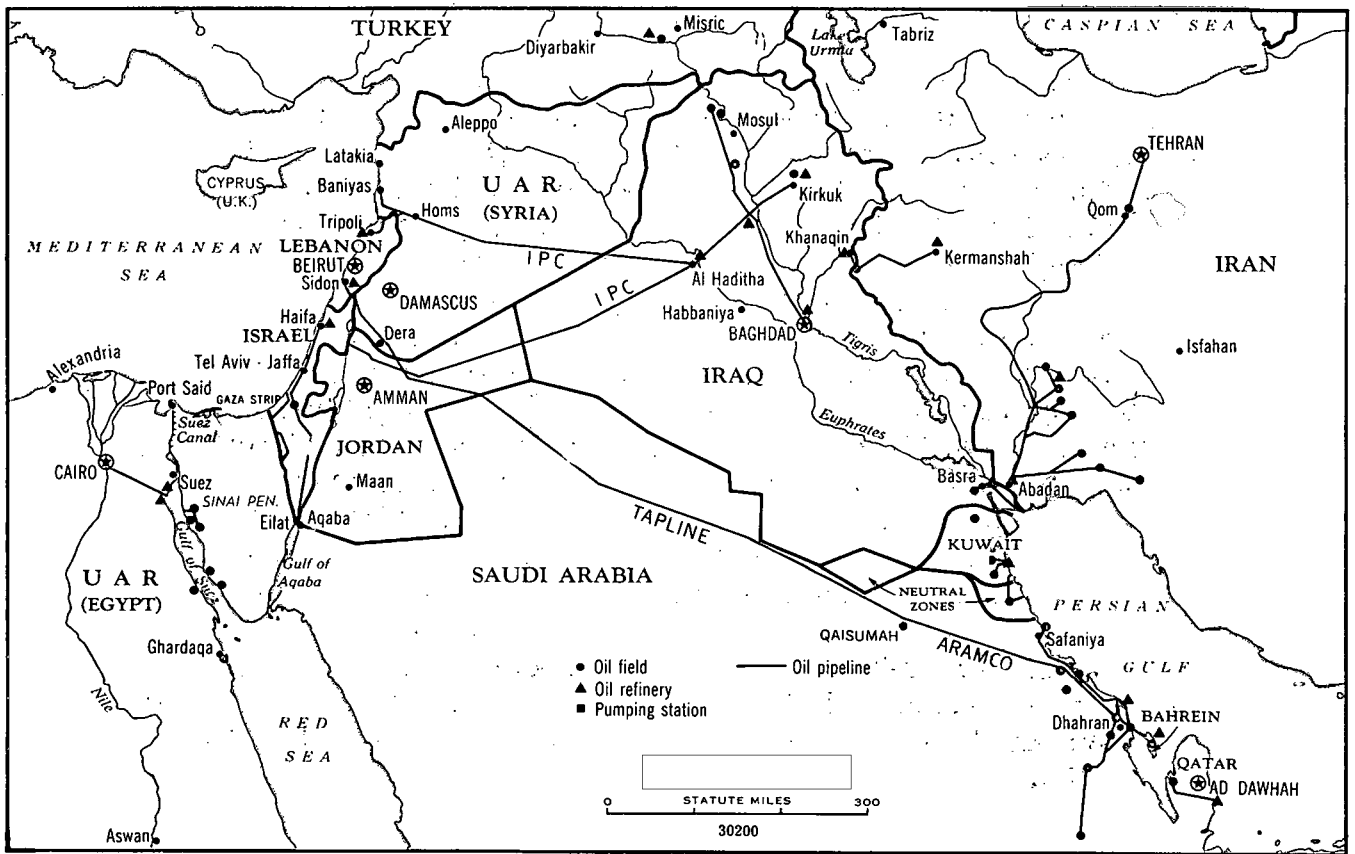
USSR-Iran

The Shah of Iran says that Soviet Ambassador Pegov, who returned from Moscow on 23 November, told him on 26 November that the USSR would give "almost unlimited" aid to a "friendly" Iran--even greater proportionately than that now being given to the UAR, India, and Afghanistan--but that if Iran continued to follow its present policies, Moscow would be forced to regard it as an "enemy."

Moscow has reacted to negotiation of an Iranian-American defense agreement by building up a war of nerves against the Shah. Following Tehran's rejection of Moscow's 31 October note on the defense agreement, Khrushchev warned Iran on 10 November that by placing its territory at the disposal of an "aggressor group," Iran "virtually" committed an aggressive act against the USSR. On 14 November, in a speech to Soviet military academy graduates, Khrushchev launched a thinly veiled attack on the Shah, alleging that "kings and rulers" of countries in partnership with the West "have begun to tremble; it is not Communism that frightens them, nor the Soviet Union, but their own people." Soviet propaganda to Iran has stressed alleged dangers of military ties with the West, at the same time promising economic advantages if Iran reverses its course.

The Shah maintains Iran must receive additional military and economic aid from the West if he is to continue his firm attitude in the face of Soviet threats.

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II. ASIA-AFRICA

American Oil Firm Given UAR Ultimatum

The UAR has given a virtual ultimatum to the American-owned Trans-Arabian Pipeline Company (Tapline), which carries Saudi oil to the Mediterranean, to comply with Syrian demands for increased revenues by 6 December.

Tapline's payments to Syria--amounting to about \$1,200,000 annually--have been the subject of negotiations for several months. Until the direct intervention by Cairo, negotiations were characterized by relative amity. In late September, however, the Syrian negotiators, on orders from Cairo, presented the company with a "take-it-or-leave-it" demand which at present rates would require the company to operate at a substantial loss. Tapline's reply to this demand was ridiculed in early November by the UAR press as being "full of fallacies."

UAR relations with the Iraq Petroleum Company also have deteriorated recently over interpretation of the clause in Syria's agreement with IPC authorizing it to purchase 1,200,000 barrels of crude oil annually at a 6.8-percent discount. The company has rejected the Syrian interpretation and reportedly considers its rejection final.

President Nasir probably is under pressure to undertake dramatic moves against Western oil interests prior to the Arab Petroleum Conference now scheduled in Cairo for the week of 6 April. His latest move against Tapline may be engineered to provide a basis for nationalization of the pipeline system. The UAR's domestic petroleum policy, which has resulted in the ouster of the American-owned Menhall Oil Company in Syria, is aimed at state ownership or at least domination of the petroleum industry.

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Moroccan Government Crisis

Allal el-Fassi, veteran leader of the Istiqlal party, may succeed Balafrej as premier of Morocco despite his reluctance to assume the responsibilities of government. Balafrej is reported to have submitted his resignation on 25 November following that of Vice Premier Bouabid, but this has not been confirmed.

The continued unrest in the Rif region of northern Morocco which is now under martial law and in other outlying tribal regions is the most pressing problem of the Moroccan Government. El-Fassi fears that the government will be unable to alleviate discontent quickly throughout the country. He is certain that Abd-el-Krim, the Riffian leader now in Cairo who rose against the Spanish in the early 1920's, is in touch with rebellious elements in northern Morocco. He also believes that the Egyptians have helped stir up discontent.

Another factor complicating the internal security problem has been an increase in terrorism, which El-Fassi ascribes in part to French counterterrorists directed by the French Deuxieme Bureau. He fears that French reactionaries in Algeria and some Algerian rebels are determined to draw Morocco into an enlarged Algerian war.

El-Fassi has asserted that he favors a "reasonable delay" in completing the evacuation of the five American air bases in Morocco. He claimed that an American statement recognizing the "principle of evacuation" would be "useful," but added that the bases would always be available to the United States in time of need. Nevertheless, El-Fassi, like Balafrej, would pursue a policy of nonalignment with any power bloc, and probably would also insist that the bases not be used for strategic purposes during the phase-out period of "a few years."

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North African Moderates Fear Growing Nasir Influence
Among Algerian Rebels

The more moderate leaders of the Algerian National Liberation Front (FLN) appear to be increasingly concerned over their ability to control dissident Algerian elements which are pro-Nasir and anti-Bourguiba. Their anxiety is shared by the Tunisian and Moroccan governments, both of which fear that a clear-cut victory by such elements would probably precipitate regime changes favorable to Nasir in their own countries.

The rebels' provisional government, in which the moderates seem to predominate, is reported to be conducting a purge of pro-Nasir elements in rebel military formations both within and outside Algeria. Tunisian support for this effort was demonstrated by the recent roundup by Tunisian security forces of Algerian elements subsequently identified as pro-Nasir dissidents.

A stepped-up Moroccan effort to bring about the release of rebel leader Mohamed Ben Bella--seized by the French along with four colleagues in October 1956--appears to be at least partly related to Rabat's own concern over the dissidents' strength.

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the pro-Nasir Algerians are progressing toward control of the provisional government and that the survival of moderates such as Ferhat Abbas and Krim Balkacem depended on Ben Bella's early release. He said Ben Bella, whose prestige within the rebel army probably exceeds that of any other leader, had informed the King that he is fully prepared to exert maximum pressure against pro-Nasir extremists in the FLN.

The moderates' cooperation with Tunis is reported to have aroused the UAR, which already regarded the provisional government's political line as too soft. This friction is said to have reached the point where the UAR has stopped forwarding military

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assistance [redacted]

[redacted]
the provisional government "now has clearly thrown its lot
with Bourguiba," more and more Algerian "ministers" will now
abandon Cairo for Tunis. [redacted]

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Changes Scheduled in Philippine Military Leadership

The US Embassy in Manila has been informed that Philippine Armed Forces Chief of Staff Arellano is scheduled for early retirement on 1 January and that intelligence chief Albert is to be relieved on 1 December. Arellano has said that "the situation created by politicians" made his position untenable. These changes may foreshadow the early removal of other top military leaders, possibly including Defense Secretary Vargas, who are under congressional attack for alleged "coup plotting," and their replacement by officers considered politically loyal to President Garcia. The retiring officers may attempt to stir up fears among the military that armed forces interests are being jeopardized by political and economic decline under Garcia and by efforts to bring the army under party control.

Growing political interest in armed forces affairs may be reflected in the increasingly nationalistic Philippine approach to pending defense issues with the United States. The Philippine Senate committee on national defense has recently proposed, in connection with a request for additional aid to Philippine armed forces, that the present military aid agreement be revised or abrogated if the Philippines is not granted more favorable treatment. In current diplomatic talks concerning American bases, the Philippine Government has adopted an uncompromising attitude in demanding greater exercise of its sovereignty over the bases.

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III. THE WEST

Western Reaction to Soviet Proposals on West Berlin

West Berlin officials consider the Soviet proposal to make Berlin a free city "deceptively mild and conciliatory" and fear the intentions behind it. These officials believe that Berliners will be confused by the Soviet statements and by Secretary Dulles' press conference remarks on dealing with East German agents under certain conditions. These remarks were widely misinterpreted in Berlin as a concession to East Germany. West Berlin officials feel the net effect will be a "defeat for the West."

The West German minister for All-German Affairs told reporters that Bonn is unconditionally opposed to the Soviet proposal, and added that West Germany would not agree to UN supervision of West Berlin. Bonn press chief Von Eckhardt took a less rigid line at another press conference.

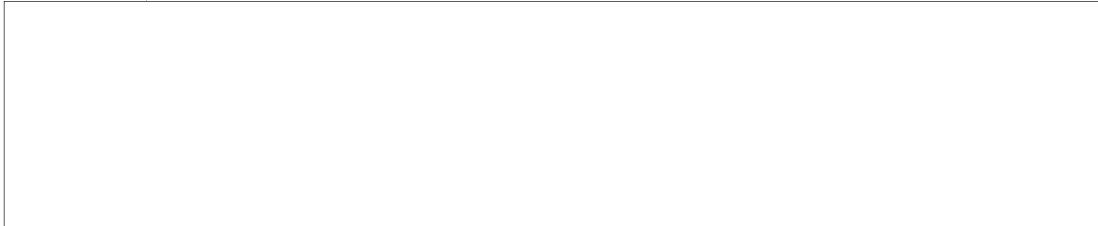
British Foreign Office officials feel that Khrushchev's proposal is unacceptable as a basis for discussion, but that the Western powers cannot refuse to conduct some talks with Moscow. They feel that the West, using the 1955 Geneva summit conference position as a basis, should propose new talks with Moscow on German reunification and European security, but they predict a deadlock will result since they believe the USSR cannot back down on its Berlin proposal.

A French Government spokesman said Moscow's note was "unacceptable," and that the four-power status of Berlin is the best guarantee for the "freedom of West Berliners." De Gaulle assured Adenauer on 26 November of French support in the Berlin crisis, reiterating that the three Western powers must remain calm and work closely together. Prior to the Soviet note, De Gaulle approved French Foreign Ministry policy instructions to the field which reject moves leading to recognition of the East German regime and support the use of an airlift to supply Berlin, thereby acknowledging that the

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West must be prepared to face a real test of force. The French believe the West should be prepared to negotiate with the USSR on the whole German question after such a test of force.



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The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

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Commandant, United States Marine Corps

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