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CENTRAL INTELLIGENCE BULLETIN

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22 May 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

Soviet submarine operations:

three "Z-class" submarines, pos-

sibly equipped to fire ballistic missiles, and at least three other submarines are elements of a Northern Fleet submarine detachment operating in the northeast and probably northcentral Atlantic area.

One of the Albanian-based "W-class" submarines is probably operating in the Mediterranean, and communications indicate that more than one submarine is probably engaged in out-of-area operations in the Pacific.

(Page 1)

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USSR-Geneva:

said the time has come

to go into secret sessions to establish a framework for settlements on Berlin and nuclear tests which could be approved at a summit meeting. He repeated earlier statements that Khru shchev would expect to discuss other matters, including the Middle East and the Far East at a summit meeting, particularly in private talks with **P**resident Eisenhower.]

(**P**age 2)

*East Germany: Party boss Ulbricht reportedly plans to confer with Khrushchev in the near future on Geneva developments and on future strategy moves. The meeting could take place in Moscow prior to Khrushchev's departure for Tirana on 25 May, or in Albania where Premier Grotewohl is now vacationing. Ulbricht will probably try to impress on Khrushchev the eventual necessity for stern measures in dealing with the West Berlin problem, including sealing off the city from all Western contact if necessary.

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USSR-Iraq: Two more Soviet arms shipments have arrived at Basra. This makes a total of ten such shipments to Iraq since the conclusion of the arms agreement in November. The eleventh shipment is now en route. Deliveries thus far have included 55 crates, the dimensions of which indicate that 39 could have contained jet fighters and the balance possibly BEAGLE (IL-28) jet light bombers.

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II. ASIA-AFRICA

Yemen:

10

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Yemeni officials are attempting to negotiate a compromise on the succession issue between Badr and his uncle, Prince Hasan, who has strong support in the north. Further unrest in Yemen seems likely.

(Page 3)

111. THE WEST West Germany: Communist penetration of the lower echelons of the Christian Democratic party is indicated by DAILY DE-Rad Aux 22 May 59 DAILY DE-

TOP SECRET

the arrest of an unspecified number of party officials on charges of having passed confidential information to the East German Intelligence Service. Further arrests are expected

(West Berlin Mayor Brandt believes that two CDU Bundestag deputies from Berlin may be implicated.) (Page 5)

Britain-USSR: Britain's trade mission in Moscow is finding the Soviet negoiators "unexpectedly difficult" largely because of demands that the UK provide for increased purchases of Soviet goods by granting the USSR most-favored-nation status in regard to British import quotas. London apparently believes that despite the USSR's sweeping demands, an agreement will be reached providing for the modest increases in trade which Britain seeks. (Page 6)

IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Outlook for Political Stability in Laos. NIE 68-59. 19 May 1959.

Implications of a Communist Takeover in Iraq. SNIE 36.2-3-59. 19 May 1959.

Contingent Prospects in Bolivia. SNIE 92-59. 19 May 1959.

22 May 59

DAILY BRIEF

for Release: 2020/02/24 C02985836

TOP_SECRET

iii

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I. THE COMMUNIST BLOC

Soviet Submarine Operations

A relatively high number of Soviet submarines continue operations outside of their local fleet areas.

class'' submarines, possibly equipped to launch	three "Z-
siles, as elements of this detachment.	bamstic mis-

Some submarines of the Northern Fleet detachment, which is believed to be unusually large, are probably deployed in the north-central Atlantic. Additional submarines of this detachment are also probably operating in the northeast Atlantic and it is possible that others are in the southern Norwegian Sea and/or off the northern tip of Norway.

More than one submarine is believed to be conducting outof-area operations in the Pacific and one Albanian-based Soviet submarine apparently continues to operate in the Mediterranean.



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Soviet Spokesmen Urge Secret Talks at Geneva

In both public statements and private talks, Soviet spokesmen at Geneva are stressing that the time has come for serious private negotiations to seek common ground for compromise agreements on the most important issues. In his formal speech on 18 May, Foreign Minister Gromyko underscored his readiness to consider Berlin and European security as separate and independent subjects for negotiation.

foreign ministers should get down to secret sessions now that both sides have introduced their formal "package" proposals. He suggested there should be private talks aimed at working out a framework for arrangements on Berlin and cessation of nuclear tests which could be "approved" at a summit meeting. He repeated earlier remarks that Khrushchev would expect to discuss other matters, including the Middle East and the Far East, at a summit conference, particularly in private talks with President Eisenhower.

These statements reflect both the USSR's constant probing for differences among the Western powers and its desire to create an impression of progress toward agreement on key issues which can be used to justify a heads-of-government meeting.



22 May 59



IL ASIA-AFRICA

Developments in Yemen

Sana troops who mutinied on 18 May should eventually be punished severely, but warned that immediate punishment might provoke new unrest which would play into the hands of Badr's enemies. Although the situation in Sana has quieted, it remains tense and confused, and local officials fear new antiregime moves by the army. Badr has temporarily placed his personal aide in charge of security in Sana, has appointed several new officials there, and has summoned one suspect official to Taiz, the southern capital.

The recent army riot in Sana is believed to be a manifestation of the opposition of army and tribal leaders in northern Yemen to Badr's succession as Imam if his father, now receiving medical treatment in Italy, should die. The patrician chieftains claim the right to elect each new Imam, and do not recognize the Imam's designation of Badr as his successor. They are believed to support the Imam's brother, Prince Hasan, who is now in Rome. Hasan's supporters reportedly plan to overthrow Badr at the first opportunity. On 15 May Badr received word of agitation in northern Yemen on behalf of Prince Hasan, who was popularly expected to initiate reforms and to assure the independence of Yemen from Egyptian and Soviet influence.

Confronted with the prospect of a succession struggle, Badr has taken new steps to improve relations with the British in Aden Protectorate. In addition to dispatching a delegation to Aden to discuss maintenance of peace on the Protectorate-Yemen frontier, Badr ordered his principal official on the border to "pacify the situation by every means."

Some Yemeni officials, meanwhile, are attempting to reduce the danger of a serious struggle over the succession

TOP SEC

22 May 59

Approved for Release: 2020/02/24 C02985836

Page 3

(issue by negotiating a compromise between Badr and Prince Hasan. The senior Yemeni representative in Cairo has proposed that Hasan agree, in the event of prolonged illness of the Imam, to Badr's appointment as future Imam, with Hasan to become head of the government. It is not certain that Badr has approved such a proposal. Although Hasan's initial reaction was reported to have been reserved, some of his supporters have in the past advanced such a proposal.]

Approved for Release: 2020/02/24 C02985836

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TOP SECRET

22 May 59

Approved for Release: 2020/02/24 C02985836

Page 4



III. THE WEST

West German Christian Democratic Party Penetrated by Communists

An extensive penetration of the lower echelons of the Christian Democratic Union (CDU) in West Berlin and Bonn is indicated by arrests of party officials on charges of collaborating with East German intelligence.

West Berlin authorities have arrested six CDU officials, including members of the district councils. Twelve others are under investigation and may be arrested shortly.

The major part of the network, however, appears to be in West Germany. At least four men have already been arrested in Bonn, including two members of CDU party headquarters. The German press reports that the total arrested thus far may be as high as 18.

Although the case will be embarrassing to the Adenauer government, it can be used against Soviet attempts to emphasize Western espionage activities in West Berlin and Communist denials of similar efforts.

22 May 59

Anglo-Soviet Trade Negotiations

Britain's official trade mission which arrived in Moscow on 12 May is having an "unexpectedly difficult" time with Soviet negotiators, according to British Ambassador Sir Patrick Reilly. At the beginning of the negotiations the USSR requested a large amount of direct government credits. It is most insistent now, however, that Britain grant it most-favored-nation treatment in regard to British import quotas. This in effect would expand the market for a wide variety of Soviet goods, earnings from which would enable Moscow to step up purchases of British machinery and chemical equipment.

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(British officials say that these demands are out of the question and that London is interested only in a moderate increase in trade--possibly raising British imports of Soviet timber, grain, and furs by some \$50,000,000, roughly equal to the USSR's favorable trade balance with the UK in its best year. This would enable the USSR to purchase more machinery in the sterling area. Additional purchases might be financed by government-guaranteed five-year credits to British exporters.)

(London apparently believes that some such official trade agreement will be reached. The British delegation thinks the USSR is employing its usual tactics of exaggerating trade possibilities but will finally settle for an agreement of much more modest proportions.)



22 May 59

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