

THE COMMUNIST BLOC ECONOMIC AND CULTURAL
OFFENSIVE IN THE MIDDLE EAST

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THE COMMUNIST BLOC ECONOMIC AND CULTURAL
OFFENSIVE IN THE MIDDLE EAST

Operational Intelligence Support Division
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IN THE MIDDLE EAST

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THE COMMUNIST BLOC ECONOMIC AND CULTURAL
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Introduction

This study deals with the Communist economic and cultural offensive. The Soviet Union's dynamic effort to expand contacts with the non-Communist World through trade, aid and cultural offers has been accelerating rapidly since 1954. The decision to make this effort was first emphasized by the Moscow Economic Conference of April 1952. Since then, most Sino-Soviet Bloc countries have joined in the campaign with Party-line uniformity of procedures and tactics.

The new Communist offensive is global in scope. Nearly all non-Communist countries, including the Western Powers, have received at least specimen trade and cultural exchange offers. The principal targets, however, are the economically underdeveloped areas of the non-Communist World. Here, the widely advertised "aid without strings" has been used as the most effective instrument for the extension of Communist influence.

The Communist effort now has reached its most advanced stage of accomplishment in the Middle East--particularly in Afghanistan, Egypt, Syria and Yemen. Significant contacts have been established in Iran, Turkey and Pakistan. The pattern of Communist economic and cultural activities in the Middle East resembles that established in South and Southeast Asia. Nascent Communist efforts in Africa and South America are developing along similar lines.

Almost invariably the acceptance of a Communist economic and cultural offer by an underdeveloped country results in the sending of Soviet or other Bloc experts into the area. The presence of these experts in non-Communist areas suggests new methods of creating subversive potential. The extent to

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which Soviet Bloc experts in the Middle East have participated in subversive activities to date is a vital question for the Free World.

Soviet politicians and diplomats emphasize the propaganda line that:

1. They are engaged in a long-range campaign to sell Communism to future generations on an open and competitive basis.
2. They are fostering "neutrality" among smaller non-Communist states as the most effective political stance for the preservation of world peace.

Recent events in the Middle East, however, suggest that the Communists have more immediate and practical goals, namely:

1. To alter the East-West balance of power by creating an international united front of Communist and non-Communist governments.
2. To achieve intermediate political objectives favorable to themselves.
3. To achieve strategic economic and military objectives, either directly or by the more complex process now called indirect aggression.

This study explores the nature of the Communist economic and cultural offensive in the Middle East in terms of its procedures, tactics and implications. Particular attention is given to the subversive potential of Communist personnel involved and their activities.

The Communist Bloc economic and cultural offensive makes full use of the Communist state monopoly of foreign trade and cultural activity as an instrument of international relations which enables the Bloc to wage political and economic warfare on an unprecedented scale. Its threat to the non-Communist world is both subversive and overtly political and strategic.

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In the Middle East, a variety of tactics and a discriminating approach to each country have been evident. Communist "solidarity" with Nasirism, the most virulent form of Pan-Arab nationalism, indicates the higher priority recently assigned Soviet goals in the Arab area. As a result, Cairo has become a center for Communist activities in Syria and Yemen, and developments in other Arab states. Earlier, Afghanistan was a priority target and remains today the major Communist foothold in the non-Arab Middle East. Egypt, Syria, Yemen and Afghanistan are the only recipients of Communist military aid in the area, but signal advances through trade, aid and cultural activities have been made in Iran, Turkey and Pakistan.

Although the immediate results of the Communist effort in those countries receiving military assistance differ strikingly from results apparent in the others, the Communist pattern of operation is basically similar throughout the area. The Communist tactics used in Yemen are echoed throughout the Middle East. In fact, Communist activities in Yemen closely parallel, on a smaller scale, the activities in Egypt and Syria. The Communists developed completely in Yemen the use of conventional diplomacy and the official approach. However, because of its extreme backwardness, Yemen did not necessitate the full range of Communist tactics which have appeared elsewhere; nor has it involved all of the possible goals of the Communist effort.

The following describes the major implications of the Communist effort observed throughout the Middle East.

A. Possibilities for Subversion

The Communist offensive provides numerous opportunities for the subversion of non-Communist governments. Communist subversion has assumed many forms in the past, mostly through use of Party, Front, or entirely clandestine organizations. The influx of Bloc experts in non-Orbit areas resulting from the operation of economic and cultural programs suggests the adoption of former tactics to new possibilities--or the adoption of new tactics.

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The Communist effort in the Middle East suggests that at least four main categories of subversive action may be involved. The services of Bloc experts in the area are essential to each type.

1. Subversion of Host Governments by Direct Action

In the Middle East, the Communists have appeared anxious to avoid a taint of clandestine action by their experts against the host governments. In the four years during which this effort has been developing, there have been no significant indigenous complaints or substantive allegations (although there have been suspicions expressed) that any of the experts are participating in organized clandestine activities. The Bloc experts and their activities not only are overt but most of them occupy conspicuous positions where non-conformist activity would attract immediate attention. Except for the key Bloc experts discussed elsewhere in this report, Bloc personnel generally live under restricted conditions and establish few local contacts outside their jobs. Many of them, both military and civilian, are on the payroll and under the direct supervision of indigenous authorities.

Although only a few Bloc experts stationed in the Middle East have been identified by Western sources of information, available information indicates that the group does not include the usual number of professional saboteurs, agitators, and propagandists which characterized Soviet officialdom abroad, particularly in the commercial and cultural field, in the days of Stalin and Beria.

2. Clandestine Opportunities as a By-Product of Overt Activities

Bloc experts may be engaged in clandestine activities for which opportunities arise as a by-product of their overt activities.

In some instances, a function of the experts may be to act as strategic observers and sources of guidance in addition to their normal duties. The critical factor in such cases is the pattern of their contacts with other Bloc officials or operatives for the passage of information and advice.

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In other cases, information for clandestine use may be obtained by experts as a direct product of their assignments. The most obvious example of this are cartographic and topographic surveys. The Soviet Union has been eager to offer these services to Middle East countries and extensive surveys in Egypt and Afghanistan have been reported.

As indicated in PARTS I and II, the few experts who appear to play key roles as advisors and operatives in the Bloc effort have established interesting patterns of contact with Soviet and other Bloc officials and establishments. As in the case of medical personnel in Yemen, certain types of experts are established in strategic positions. The use of visiting groups, particularly cultural delegations, as cover for the travel of observers and advisors also has been indicated. It may be presumed that the Communists are taking full advantage of the new opportunities to place observers in strategic positions and may be guided in the initiation of certain activities by these considerations.

3. Collusion with Host Governments in Subversive Activities

One of the most significant implications of this effort in the Middle East is that it has resulted in close collaboration between Communist and certain indigenous clandestine services. Although only a few reports have explicitly mentioned the attachment of Communist personnel [REDACTED] 25X6D [REDACTED], available information suggests collusion in the following activities:

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a. Propaganda

Communist subsidies for propaganda activities, including the supply of radio broadcasting equipment, newsprint and propaganda materials has been indicated, particularly in current Egyptian activities in this field.*

b. Intelligence

Public statements by Middle East officials, as well as political and military moves, suggest that they have access to intelligence information probably obtained from Bloc sources. No positive information on this subject is currently available.

c. Paramilitary

The supply of Communist Bloc military goods to selected Middle East countries, equipping their troops with newer Soviet weapons, frequently coincides with the flow of older weapons to rebellious forces in adjacent territories.

d. Support of Dissident Expatriate Groups

Instances or possibilities of collusion in the handling of dissident ethnic or political groups from adjacent countries exist.**

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- * During February 1957, it was reported that Nasir was receiving large sums of money from the Soviet Union as a subsidy for the "Voice of Arabs" broadcast from Cairo. It was estimated that between six and seven million Egyptian pounds already had been paid by the Soviet Union for this purpose. In this report, the supplying of Czech broadcasting equipment to Yemen, through the UAR, is mentioned. 2/
- ** In 1946, a Kurdish group under Mulla Mustapha BARZANI migrated to the Soviet Union after an unsuccessful revolt in Iraq. During October 1957, members of this group, now ostensibly trained in partisan operations, were said to be debarking from Soviet vessels in Syria. 3/

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4. Establishing a Base for Future Subversive Efforts

In the Middle East, the Communist offensive may be establishing an ever-widening base for future subversive effort despite a lack of contact between Bloc experts and local Communists, with the possible exception of contacts between touring Soviet experts and cultural front groups, the so-called friendship societies which exist in several of the Middle East states. There has been no direct correlation between the economic offensive and the fortunes of local Communists. In fact, in Egypt and Syria where relationships with the Soviet Union and other Bloc countries have been closest, the local Communist parties have suffered severe reverses. Nevertheless, an obvious goal of the economic and cultural effort has been to broaden the base of all groups attracted to the Soviet Union and the Bloc.

Soviet efforts have been characterized by the following developments:

- a. The accumulation of cash in local and free world currencies and establishment of possible channels including banking facilities, for the support of Communist activities.
- b. Establishment of close working alliances with key local groups, particularly military groups, by creating an atmosphere of mutual conspiracy for the attainment of common goals.
- c. Increasing opportunities for the subornation of indigenous officials through calculated attempts to deepen their involvement or give them a vested interest in relations with the Bloc.
- d. Exclusion of Western technicians and advisors.
- e. Establishment of Bloc experts in positions which may be used later as cover for illicit activities.
- f. Creation of conditions necessary for the operational and logistical support of Communist military forces.
- g. Encouraging the adoption of Soviet type institutions, organizations and procedures.

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B. Political and Strategic Factors

Despite accompanying subversive activities, actual or implied, the main threat of the Communist offensive has been political and strategic. Most of the subversive connotations discussed above, particularly the last group, are derivatives of the overt programs.

The economic and cultural offensive demonstrates the fact that the Soviet leaders are anxious to keep alive certain political myths in the non-Communist world which foster a complacent view of their tactics. Belief in these myths reduces recognition of strategic Communist aims and of the more immediate dangers of subversion.

Chief among these political myths is "neutralism", which has been evolving into something called "positive neutralism." Other myths include "peaceful collaboration", "peaceful trade" and "aid without strings". All incorporate contradictions, both in logic and in fact, but are appealing to weak and underdeveloped countries primarily concerned with internal problems.

From the Communist viewpoint, the Middle East has been the most fertile area for promoting and exploiting these myths and for the use of the new tactics. Strategic control of the area is even more desirable to the Soviet Union today than it was to Russia under the Tsars because vital oil supplies and a lifeline of commerce for Europe are now involved.

Of all the Muslim countries in the Middle East, the Arab states have been least prepared to conduct either politics or economics on an international level. The Soviets have concentrated particularly on the Arabs and have been clever in their approach. They have avoided stressing ideological matters. They have indicated awareness of the Arabs' pressing problems. They have attempted to identify themselves with the indigenous culture. They have pursued hard bargaining tactics to flatter Arab pride and give an impression of strictly businesslike deals.

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PART I. General Characteristics of the Offensive

A. Organization

The Communist Bloc economic and cultural offensive makes full use of an internal power situation which has had no parallel in terms of effectiveness and magnitude. This key factor is the absolute state monopoly over foreign trade and economic relationships inherent in the Communist form of government.

This basic element of governmental power has been used by the Soviet Union, since its inception, to promote economic self-sufficiency. Since the end of World War II, it has been used within the entire Communist Bloc for this purpose and to consolidate Soviet control over Bloc countries through the establishment of complex economic inter-relationships.

Bloc use of this instrument of power as a means of influencing non-Communist states has required important organizational changes within the Soviet Union and other Communist countries. Since 1954, the Soviet Union has been making three types of major changes in its governmental organization which are related to its economic and cultural offensive:

1. Creation of additional policy-making or policy-coordinating mechanisms for foreign economic, military, and cultural activities.
2. Reorganization of Ministries and subordinate organizations involved in those activities.
3. Advancement of key officials prominently identified with the campaign.

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Extensive Soviet measures to increase the number of persons qualified as experts in non-Communist areas also have been evident.

Procedures and tactics for this economic and cultural offensive in large part were established by the Soviets during the economic and military consolidation of the satellite empire. What is new is the expansion and redirection of effort to encompass the non-Communist world.

B. Geographical Focus

One result of these organizational changes has become increasingly evident. Achievements in the Middle East show that the Communist effort has acquired operational guidance, support and executive direction which is carefully tailored to particular areas and countries. Activities promoted or undertaken suggest detailed study of local needs and desires, economic and political weak points, and other possibilities for exploitation. The Communist approach reflects skillful attunement to existing attitudes, problems and aspirations in particular countries and areas.

In the Arab Middle East the dominant political sentiments of pan-Arab nationalism (as exemplified by Nasir), anti-colonialism, and anti-Zionism receive unqualified diplomatic and propaganda support from the Bloc. Throughout the Middle East, Communist efforts are characterized by pointed deference to Islam. Neutralism, a popular political sentiment throughout the area, is a prerequisite for substantial offers of assistance.

C. Timetable for Achievement

The nature of the Communist effort indicates that it has been the subject of considerable advance planning for achievement of specific objectives. Although in the Middle East, activities and quid pro quo commitments have been arranged for lengthy periods up to 30 years' duration, activities to date suggest a timetable for the achievement of the principal objectives which is of shorter duration. The lengthy periods

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mainly are for the repayment of credits, not for the initiation of activities and completion of projects.

D. Methods and Tactics

The Communist Bloc economic and cultural offensive divides into two phases: negotiation and implementation. Although minor variations are evident, procedures and tactics for each phase do not vary significantly for any of the Sino-Soviet Bloc countries which have participated.

1. Negotiations

Negotiations alone account for a high percentage of Bloc experts whose presence in Middle East countries and elsewhere has been reported with mounting frequency during the past several years. Negotiations also have resulted in frequent reciprocal visits of non-Orbit officials and delegations to the Bloc countries. The result has been a large volume of propaganda, relatively inexpensive, which has assisted the economic and cultural campaigns.

Since 1954 all Middle East countries have been subject to Communist economic and cultural inducements. The initial Communist approach with offers to negotiate has been made through a wide variety of official and unofficial channels, including front organizations. The Communists employ three distinct methods for negotiating with non-Orbit countries on trade, aid or cultural offers. These are:

- a. an official or inter-governmental method.
- b. a quasi-official method.
- c. an unofficial method.

The three methods are flexible and tactics are decided on the basis of opportunity.

One way of developing an economic and cultural effort in a non-Orbit country which the Communists favor, makes complete use of the official approach. By this method all normal diplomatic channels and procedures are used. Ideally, full rapprochement with a non-Communist government is attempted by an

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offer to negotiate and conclude a treaty of friendship. Although couched in broad terms, the treaty anticipates the negotiation of a series of permissive agreements which may include all of the following types:

- a. Agreement for the exchange of diplomatic representation.
- b. Military assistance agreement.*
- c. Trade and payments agreement.
- d. Scientific-technical assistance agreement.
- e. Cultural assistance and exchange agreement.*

Some of the above, particularly the last two, may be combined into a single agreement. The titles may vary from one Bloc country to another; those marked with an asterisk (*) have been confirmed by type but not by an exact title. Like the treaty, all agreements are permissive in nature. The agreement for the exchange of diplomatic representation may be implemented simply by the exchange of official credentials by diplomatic representatives in conformance with normal diplomatic procedures. All other agreements require additional negotiations and specific contractual arrangement prior to establishing firm quid pro quo commitments. A single agreement may involve subsequent negotiations and signature of many contracts. Supplemental trade and aid agreements may be negotiated from time to time.

The Communists will modify this approach in the event that a non-Orbit nation is interested in economic or cultural offers but does not desire to extend diplomatic recognition to a particular Bloc country. They will, in such an event, agree to the negotiation of a trade and payments agreement which provides for the reciprocal establishment of a trade representative and commercial mission in the country. This provision, in fact, appears to be included in most Communist trade and payments agreements, even where diplomatic representation has been established.

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Some trade and payments agreements set specific trade goals. In other cases, the total amount of trade contemplated may be negotiated in the form of separate protocols on a yearly basis. The agreement does list, however, the specific goods to be exchanged and states the general rules to be followed.

The military, scientific-technical, and cultural assistance agreements are the instruments of accord which offer Communist aid. Each mentions the total value of the aid to be extended, but usually does not include a further breakdown of the amounts involved. Nevertheless, each agreement will mention specific goods, services, activities and projects and the general conditions which subsequent implementation may involve.

Communist methods of offering aid to an underdeveloped country include some very flexible arrangements in addition to these aid agreements. Communist aid has been extended on the basis of a trade and payments agreement alone. An observed procedure in this case is to offer capital or other goods on a straight trade basis and to offer the services of Bloc experts on a personal and individual contract basis.

Sino-Soviet Bloc treaties and agreements of the types discussed have been subject to concurrent or separate negotiations at three governmental levels. One treaty of agreement with a single Bloc country may, and usually does, involve:

- a. High-level political negotiations.
- b. Diplomatic-level negotiations.
- c. Administrative-level or technical negotiations, including preliminary technical surveys.

Further detailed negotiations leading to the signature of contracts may be conducted at the last two of these governmental levels. Since Communist negotiating procedures and techniques are flexible, these negotiations are not necessarily accomplished in the given order. Instances exist where negotiations

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on the same agreement have been conducted simultaneously at two or more levels at widely separated locations. The Communists have made it a point to emphasize that they are willing to negotiate any time anywhere, including third country locations. They also have made a show of sending top-level politicians, diplomats and administrators to non-Communist countries for the negotiations and conclusion of agreements and contracts on the spot.

Following acceptance of an initial Communist offer, non-Orbit countries have frequently been involved in a prolonged series of negotiations. Propaganda attendant upon these negotiations at various levels and stages of development has created much confusion as to the nature of arrangements finally concluded. The subject treaties and agreements may undergo at least two phases of development: (a) preliminary negotiations, and (b) final negotiations and signature. None becomes effective until instruments of ratification have been exchanged.

The quasi-official method of conducting negotiations involves the use of accredited Bloc representatives--diplomatic, consular, and trade--who approach and negotiate directly with private citizens or organizations of a non-Orbit country. Usually, this is accomplished by Bloc diplomatic representatives stationed in a non-Orbit country, but on some occasions this method has been used by visiting officials from Bloc diplomatic and trade ministries. The goal of these negotiations is the same as the goal of the treaties and agreements discussed above, i.e., the establishment of specific contractual arrangements. In some cases, however, negotiations of this type have resulted in rather extensive ad hoc agreements, rather than contracts, which differ from the agreements discussed above in that firm quid pro quo arrangements are made.

The unofficial method involves the use of agents established as unofficial commercial representatives of a Bloc country or of touring delegates from Communist state trading corporations usually represented as "private companies." The approach is made to private citizens or organizations of a non-Orbit country, usually to prominent businessmen or professional persons or groups. The aim is to establish a contractual relationship between an enterprise of the Bloc country and the non-Bloc individuals or organizations approached.

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Communist Bloc trade and aid offers are made to appear particularly attractive to underdeveloped countries from two viewpoints: (a) although a quid pro quo is insisted upon, the offers almost invariably reflect bargain rates; (b) various attractive means of repayment are permitted.* In addition, two or more Bloc countries may be prepared to make similar offers on progressively more desirable terms. Finally, extensive economic justification for aid is not requested and opportunities for rapid negotiation and settlement of the offer are emphasized.

It is impossible to determine the real value of Communist Bloc trade and aid offers extended to underdeveloped countries and it is doubtful that the Communists could do it themselves. Available evidence indicates that the aid usually incorporates a large element of subsidy, even in terms of Communist fiscal evaluation systems. However, the terms of Communist aid agreements also leave considerable scope for granting or withholding economic favors in the course of future negotiations.

Nearly all Communist aid is extended in the form of credits, expressed in Bloc currencies, to be obligated at a future date. In a few instances actual grants in the form of free world currencies have been made, with amounts not to be obligated until a future date. In no known case has a Communist Bloc country turned actual cash assets over to a non-Communist country until a specific obligation has been created. As

* Attractive financial terms include:

- a. Initial period of grace before repayment (usually 3 years).
- b. No payment until factories, etc. commence operation.
- c. Low interest rates (average: 2½%-3%).
- d. Repayment accepted in local currencies, pounds sterling, convertible foreign exchange, staple export commodities, or eventual profits from subsidized enterprises.

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the recipients of Communist aid have discovered, the money credited to them must be spent in the purchase of Communist goods and the services of Communist personnel.*

The cultural side of the Communist offensive involves some financial aid activity but is important primarily because its propaganda strengthens the economic program. The aid aspects of the cultural program consist mainly of subsidies for students who are to attend Bloc universities, colleges and technical schools. Other aspects are the exchange of a variety of persons and delegations, and other programs which may be categorized as follows:

- a. Activities which illustrate a high degree of cultural and material achievements of the USSR and other Bloc countries.
- b. Activities which demonstrate cultural affinities between Orbit and non-Orbit countries or Communist "respect" for indigenous cultures.
- c. Popular sports.

2. Implementation

In the Middle East, the pattern of Communist economic and cultural activities bears little resemblance to intentions publicized during the negotiations. The wide disparity between intentions and results may be attributed principally to the fact that a large proportion of Communist economic aid in the Middle East has been in the form of military assistance to Afghanistan, Egypt, Syria and Yemen. Many details of the military assistance agreements have been kept secret by mutual agreement of all participants. This factor, alone, however, does not explain the over-all disparity which exists.

* Communist aid includes financial costs for:

- a. Equipment
- b. Materials
- c. Individual services of experts, including advisors, scientists, technicians and skilled workers (military and civilian).
- d. Technical surveys and detailed studies, plans and blueprints.

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Even the details of military assistance and other agreements, when known, are not reliable indicators of Communist Bloc activities, which have been begun in the area. As noted, ratification of an agreement mentioning specific activities to be undertaken does not in itself permit implementation of those activities.

In addition, the ratification of detailed quid pro quo contracts may still fail to result in implementing action. Some projects have never gotten beyond the survey and planning stage. On the other hand, there is evidence that the Communists have frequently elected to supply military and other assistance, armaments and other goods, at their own expense. In such cases, Communist activity may be implemented on the basis of permissive agreements or even of verbal agreements, without negotiation of detailed contractual arrangements.

In contrast to the impression of Communist largesse created by publicized versions of negotiations, the following major characteristics of Bloc aid activities in the Middle East have become apparent.

E. Selective Nature of Activities

During the negotiations, the Communists foster an appearance of being willing immediately to start any trade arrangements or economic and cultural activities, desired by an underdeveloped country, which have at least a surface feasibility. Daniel Solod, when Soviet Ambassador to Egypt, once stated:

"We will send economic missions, scientific missions, agricultural missions...and any other kind of mission you can imagine that will help these people." 4/

Although a wide variety of such offers has been negotiated, and a wide variety of activities carried out in token form, major Communist activities to date in the Middle East indicate that a very selective process has been at work.

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Activities in Afghanistan, Egypt, Syria and Yemen have set a pattern which appears based on priority accomplishment of the following tasks:

1. Controlled buildup of indigenous military strength including:
 - a. The supply of armaments; particularly quantities of complex military equipment which cannot quickly be absorbed or used by indigenous military personnel, and therefore require Bloc military experts for handling and instructional purposes.
 - b. The establishment of military training facilities staffed by Bloc personnel.
 - c. Establishment or refurbishing of operational military installations.
2. Projects or activities which immediately displace Western offers, enterprises, and personnel.
3. Non-military projects and activities of strategic interest; particularly those which directly enhance operational or logistical capabilities of military forces in the area, such as:
 - a. Motor roads
 - b. Airports
 - c. Port facilities
 - d. Topographical surveys
 - e. POL facilities
 - f. Electric power installations
 - g. Telecommunications facilities
 - h. Medical facilities

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Strategic projects also include setting up transportation and communications facilities integrated with those of the Soviet Union. Proposals of this nature have included airlines, railroads, roads and telephone lines.

4. "Pet projects" supplying services or goods particularly desired by key indigenous leaders.

The implementation of selected activities is made possible in part by the financial attractiveness of Communist economic aid offers mentioned above, and Communist retention of a flexible bargaining position. The other side of the coin also favors them. Namely, the underdeveloped countries of the Middle East and elsewhere do not have the financial capacity to carry out programs of the scope which have been set forth in Bloc economic agreements, even at the bargain rates at which aid is offered. A primary reason is that, although goods and the services of experts are paid out of Bloc credits, the initiation of activities usually entails local costs* not chargeable to the credit funds. These local costs (as Afghanistan, Syria, and other Middle East countries have discovered) usually amount to considerably more than the sums required for repayment of Communist Bloc loans. The Communists naturally are well aware of these and other factors which often present unforeseen difficulties to the governments of underdeveloped countries inexperienced with these matters. This factor alone has enabled Bloc countries to grant or withhold additional subsidies and thereby maneuver for the implementation of selected activities on the basis of priorities established by themselves.

F. Presence of Key Bloc Experts

Communist Bloc aid activities in the Middle East and elsewhere are initiated on an individual project basis. Central

* Usual local costs include:

- a. Wages of indigenous laborers and administrators.
- b. Local building and other materials.
- c. Local transportation costs.
- d. Housing and other local expenses of Bloc experts.

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administrative organizations in recipient countries, with detailed responsibilities for day-by-day supervision and review of the activities, have not been established.

Nevertheless, acceleration of the economic and cultural offensive has been accompanied by the appearance abroad of a seemingly new type of Communist official. Most of these men have extensive backgrounds and experience in connection with economic affairs. Mikhail A. Menchikov in Washington, previously Ambassador to India during early stages of the economic and cultural effort in that country, is an example. Yevgeniy Dmitriyevich Kiselev in Egypt, Nikita Semenovitch Ryzhov in Turkey and Nikolay Mikhailovich Pegov in Iran are outstanding examples in the Middle East.

Although deeply involved in negotiations, Soviet Bloc Ambassadors and Ministers have not appeared to be critically involved in the resultant activities. Several new types of administrators have appeared during the initial stages of implementation. Never in the limelight of negotiations, these persons qualify as experts associated with various active phases of the economic and cultural effort. They are distinctive because of their freedom of action and authority as contrasted to other Bloc experts sent to the area. Primarily Soviet nationals, they may be accredited diplomatic or trade officials, but are not necessarily distinctive by virtue of official position. Usual characteristics include area knowledge, an extensive background in economic, technical, or cultural matters, or some combination of these qualifications.

Bloc nationals having this status apparently have broad supervisory responsibility in a particular country. They do not appear responsible for close technical supervision.

At least three varieties of Soviet experts with broad responsibilities for the economic and cultural offensive can be identified in reports on these activities in the Middle East since 1954. They may be catalogued as follows:

1. A roaming area specialist and high-level advisor.
2. An area technical coordinator.
3. A country specialist, advisor, and operative.

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The area technical coordinator has been identified by an official title and position, "Counselor for Economic Cooperation" (or "Relations"). He is an accredited member of a Soviet diplomatic establishment and has broad discretionary powers for the negotiation and signing of contracts. Of the others, the first is not stationed permanently in the area, the third is. Neither has official status which conforms to the apparent breadth of their responsibilities.

The primary example to date of a Soviet area specialist and high-level advisor identified with the Middle East is Abdul Rahman Sultanov. A Soviet national of Muslim parentage, Sultanov is known to have been active throughout the Middle East on behalf of Soviet interests since the middle 1920's.* His current official position is that of Professor and Director of the Arabic Studies Department, Institute of Oriental Studies of the Academy of Sciences of the USSR. 5/

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- * Sultanov's European name is Nikola Mikhail and he also has been known as "Rafiq." He was born in 1904 at Baskira, Russia. He went to Cairo in the mid-1920's to study at al-Azhar University, and to Yemen ca. 1927 as a member of a Soviet Commercial Mission. He left Yemen upon termination of the Mission ca. 1929. Late in 1943 he arrived in Cairo as a Secretary at the Soviet Legation. In 1947 and briefly during 1948 he was on the staff of the Soviet Legation in Baghdad, Iraq; but returned to the Cairo Legation as First Secretary. He was last known to be stationed permanently in the Middle East in 1950. 6/

During Sultanov's tour of duty as a diplomatic official in Cairo and elsewhere, he was linked frequently but vaguely with dissident and suspect groups of many types, including Jewish Communists and Yugoslav Muslims. He made frequent trips to most countries throughout the area, including Palestine. It has been alleged that he is or was a Russian intelligence official, but this may be due to close association rather than membership. It also may be due in part to confusion arising from the fact that a cousin named Hamid (or Ahmad) Sultanov has been identified as a Russian secret agent, and has been active in the Middle East. 7/

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Since initiation of the Soviet economic and cultural offensive, however, it has been evident that Sultanov is not confined to academic pursuits. He appeared in Tunisia during late April 1957, where he extended an offer of Soviet military and economic aid to Prime Minister Habib Bourguiba. 8/ He appeared in Damascus, Syria, in May 1957 as a visiting lecturer and member of a Soviet "Cultural Delegation," departing for Cairo via Beirut, Lebanon, on 30 May 1957. 9/ Back in Moscow during November 1957, Sultanov played an active role in the covert Egyptian-Soviet military aid discussions which took place during Nasir's first visit to the Kremlin. 10/ On or before February 1958 he visited Yemen, where his son was stationed as a Soviet interpreter. Upon leaving Yemen he spent a week in Jidda, Saudi Arabia, enroute to Cairo, possibly coordinating his visit to Jidda with that of the Soviet Ambassador to Syria who arrived after mid-February. 11/ It is evident that Sultanov plays an advisory role in the conduct of Soviet affairs in the Arab Middle East.

The outstanding example of an area technical coordinator in the Middle East is Anatoliy Anatolevich Gromov, Economic Counsellor in Cairo and representative of the State Committee for Foreign Economic Relations. 12/ In addition to his activities in Egypt, he has made several business trips to Syria and Yemen. In Syria he offered war materials for sale as well as aid for industrial construction projects. He has made at least one return visit to Moscow, ca. December 1957, to discuss Egyptian (and possibly other) project plans. 13/

The only example of the third type of Bloc expert in the Middle East which has been relatively well documented is that of Sultanov's son, Yuliy Sultanov, in Yemen. The younger Sultanov was sent to Yemen as an interpreter for other Soviet experts several months after the initiation of Communist aid activities there. It has become evident that the importance of his role far exceeds that of his official duties in this job. His position and activities in Yemen illustrate the flexibility of Soviet techniques which are now being employed.

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An explanation of the younger Sultanov's role, however, will be deferred to PART II of this report, which is a detailed account of the growth of Communist influence in Yemen. Communist influence in this obscure but no longer remote country has been established entirely through the economic and cultural effort. The effort in Yemen is not impressive--and cannot be reasonably expressed--in statistical terms, but it has developed swiftly and has had great impact due to the backward nature of the country. It illustrates, with greater clarity than has emerged elsewhere, the totality of the Communist Bloc effort. The developments in Yemen fit a pattern which is becoming apparent elsewhere; the concerted Bloc use, under Soviet initiative, of diplomacy, economic power, propaganda and agitation, and other overt and cover means for the achievement of specific objectives.

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PART II. The Communist Offensive in Action:
Growth of Bloc Influence in Yemen

A. Background

1. Yemen's Strategic Significance to the Communist Bloc

A backwater for centuries, Yemen has emerged since late 1955 as a country of international significance. Its recent importance results from the growing threat that its government may succumb to Communist influence or control, and the strategic advantages which Yemen could offer the Communist Bloc on the basis of its geographical location.

One of the most significant Communist accomplishments to date in Yemen may be the establishment there of a military base for Soviet use in the event of war or the imminence of hostilities. ^{14/} The existence of an explicit agreement on this has been reported but not confirmed; however, reports of Communist military equipment and activities in Yemen tend to confirm the reported particulars.*

* The terms of the secret agreement were reported as follows:

1. In time of war, the USSR would have the use of certain areas within Yemen as bases from which military operations against the enemy could be mounted.
2. Yemen would be guaranteed supplies of food, gasoline, and ammunition throughout the period of the emergency.
3. The restoration to Yemen of territories claimed by Yemen but now held under foreign control, including the Aden Protectorate and the port of Aden, Najran (in Saudi Arabia), the Farasan Islands, Kamaran Island, and the Island of Perim.
4. Yemen would place the coastal area of the Bab al-Mandib at the disposal of the USSR at the first sign of outbreak of war.

It was also stated that the Government of Yemen and the Soviet Union had already agreed on denials to be made in the event that news of the agreement leaked out.

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Yemen is geographically important to the Communist Bloc for several reasons. Effective anti-Western military forces in Yemen could neutralize British forces in Aden Colony and Protectorate. At stake would be interdiction of access to the southern approaches of the Red Sea, the supply route for transportation of vital Middle East oil supplies to Europe. In addition, Yemen could provide a Communist base for out-flanking other Western or pro-Western military forces in the Middle East and for operations in the Indian Ocean. Finally, Yemen could provide an important base for Communist activities in Central Africa.

2. Communist Exploitation of Yemeni Attitudes, Problems, and Aspirations

Communist military, economic and cultural inducements offered Yemen demonstrate skillful attunement to existing Yemeni attitudes, problems and aspirations. The following have been involved:

a. The Yemeni Succession Issue

The crucial fact of political life in Yemen today is the succession issue made critical by the failing health of the present King, the Imam Ahmad Hamid al-Din. A key to the Communist success in gaining a foothold in Yemen has been their support of the Imam's chosen successor, his son, Mohammad Badr Hamid al-Din.

The Imam's aspiration to perpetuate his dynasty in the person of his son is in conflict with Muslim law and tradition in Yemen which provides for the election of a successor to the throne by a council of Ulama. In theory, the Council (composed of religious and tribal leaders) is Yemen's highest authority. Nevertheless, the Imam's powers are autocratic in fact although his government is theocratic in form. Choice by Council merely confirms the power position of the strongest candidate.

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To build up his son's prestige, the Imam designated Badr Crown Prince and Na'ib of Sana'a (Viceroy of one of Yemen's six provinces), and has attempted to secure the advanced commitment of members of the Council of Ulema to vote for his succession. Of greater import is Badr's appointment as Minister of Defense and Minister of Foreign Affairs. Unlike other Yemeni Ministers, Badr appears to exercise substantial authority in these posts. He is an exception to the refusal of the tyrannical and capricious Imam to delegate his power.

Young and impressionable, Badr was reared until late youth under the severely restrictive dictates of his autocratic parent. His emergence as an individual with authority in his own right has coincided with Communist efforts to exploit him. By virtue of his current positions, Badr appears to have negotiated all of Yemen's present arrangements with Sino-Soviet Bloc countries, and these negotiations have given the Communists the chance to accord him deference and flattery on an extensive scale. In addition, as Minister of Defense, Badr is in a key location to distribute Communist arms which have been supplied to Yemen, and thereby strengthen his position.

Communist support of Badr furnished at best a tenuous guarantee of continued influence in the country, however. Although in a favored position while his father is alive, 25X6F

b. Anti-British Sentiment in Yemen

In addition to receiving the support of Badr, the Communists have gained popular support by exploiting Yemen's antagonism to the British, expressed by irredentist claims to Aden Protectorate and Colony.*

* Yemen lays claim to the British Protectorates and Aden for ethnic reasons and because she conquered them in 1630 (although the indigenous tribes drove the Yemenis out in 1730).

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In addition to diplomatic and propaganda support of the Yemeni claims, Communist Bloc arms shipped to Yemen since late 1956 have been instrumental in promoting numerous Yemeni military threats and actions against the British in Aden. Although indecisive from a military viewpoint, this support provided the initial impetus for the growth of Communist influence in Yemen and provided tangible evidence in support of the Communist propaganda line. In turn, popular support for Communist endeavors has tended to bolster the internal position of Badr, and at the same time deepen his involvement and the involvement of other key Yemeni officials in Communist machinations.

c. Economic and Technological Aspirations

Because of Yemen's archaic economic and social structure, the country shares to a high degree the aspirations of its Middle East neighbors for economic and technological advancement. In addition to improving Yemeni military forces, the Communists have offered to support a variety of activities and projects conducive to Yemen's material advancement.

Yemeni acceptance in principle of Communist aid offers has been based primarily on the bargain rates involved. Repayment, however, would involve commitment of the bulk of Yemeni staple exports, as well as other extant or potential resources of the impecunious nation. For this reason, perhaps, Yemen as yet has not chosen to implement many of the actual quid pro quo arrangements which have been made. Nevertheless, Yemeni acceptance of this aid in principle, if not in fact, has served to reinforce the impression that the Communists are generously backing Yemeni material aspirations.

d. Other Political Factors and Attitudes

Thus far the Communists have avoided direct entanglement with, and even have turned in their favor, several factors which complicate Yemen's international political affairs.

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One of the most important of these factors is Yemen's relationship with Egypt. Yemenis appear to have a high regard for Egyptians and Egyptian culture. This regard, however, is tempered by suspicions of the Imam and other Yemeni authorities of the anti-monarchical tendencies of Egyptian President Gamal Abdul Nasir and his ruling group. These suspicions have been reinforced by Egyptian support, or at least toleration, of a so-called "Free Yemeni" group in Cairo whose existence dates from the assassination of the Imam's father and predecessor in an anti-monarchical revolt during 1948.

Notwithstanding this factor, the Communists have been instrumental in encouraging the rapprochement between Yemen and Nasir's regime which resulted in the announcement on 6 February 1958, of the federation of Yemen with the United Arab Republic (UAR). ^{15/} This development occurred during an extension of further substantial Communist military aid to Yemen, which apparently was offered through the auspices of the UAR rather than by direct Soviet-Yemeni arrangements. In addition, many of the significant negotiations between Yemen and the Sino-Soviet Bloc countries appear to have been conducted in Cairo, some at least with the knowledge, if not participation, of the present Egyptian government.

Another important factor in Yemen's international affairs is its relationship with Saudi Arabia. This relationship, once hostile, has been tempered over the years into a state of formal amicability, although latent Yemeni suspicions of the Saudi dynasty remain. Formal amicability was expressed, nevertheless, in Yemeni adherence to the Egyptian-Saudi Arabian-Syrian (ESS) Military Assistance Pact of 1955. Yemen's inducement to join was a \$3 million loan extended by King Saud for the improvement of the Yemeni military establishment. The first cash installment of this loan was used to purchase Communist arms, which established the initial Communist foothold in Yemen. ^{16/}

3. Soviet-Yemeni Relations, 1927-1954

The Soviet Union has had a history of official relationships with Yemen dating from 1927. In that year the Russians concluded a Treaty of Friendship and Commerce with the King of

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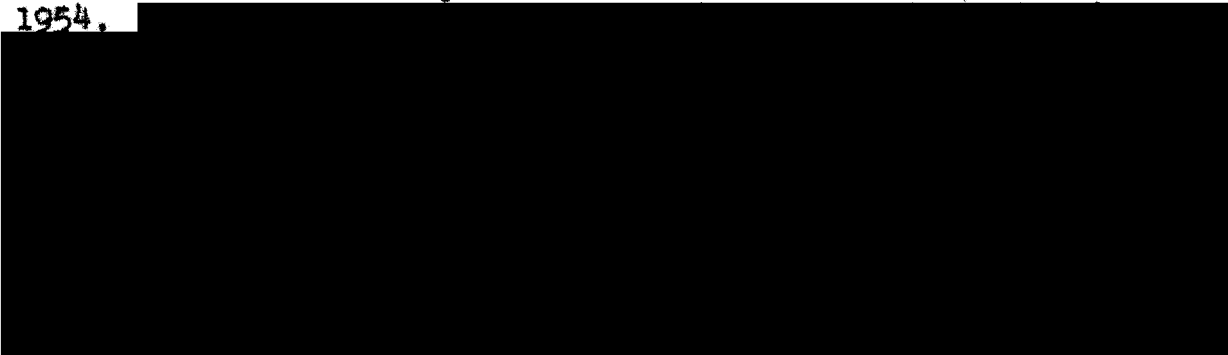
Yemen, then Imam Yahya Hamid al-Din, and established a commercial mission in the capital city of Sana'a. The mission remained for several years and included the Russian national of Muslim parentage, 'Abd al-Rahman Sultanov. His son, Yuliy Sultanov, was born in Yemen in 1927, educated later in Cairo and Moscow, and now has emerged as an important figure in the maintenance and growth of Communist influence at his birthplace. The younger Sultanov's influence is due in part to his establishment of a close personal relationship with his contemporary, Crown Prince Badr. Sultanov's presence, combined with the fact that the original Soviet-Yemeni treaty did not expire until 1954, demonstrates maintenance by the Soviet Union of a continuous relationship with Yemen for more than 30 years.

B. Communist-Yemeni Negotiations

1. The Initial Communist Approach to Yemen

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The Sino-Soviet Bloc's current efforts to influence Yemen were initiated by the Soviet Union in the spring of 1954.



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A preliminary agreement on the Soviet aid offers may have been negotiated as early as May 1954. At that time, the Soviet Union reportedly arranged to accept a Yemeni Military Mission, disguised as a commercial mission, to arrange the details of a proposed arms deal. The deal, it was said, called for the receipt of arms by Yemen for a period of 10 years with payments in Yemeni staple exports spread over the same period. 18/

According to later press statements by Taleb, the Soviet Union also approached the Yemeni Delegate to the United Nations and brother of the Imam, Prince Hassan Hamid al-Din, and discussed renewal of the 1927 Soviet Yemeni treaty. 19/

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2. Subsequent Negotiations

The first public indication of Soviet-Yemeni negotiations did not occur until 17 October 1955. On that date the Arab News Agency in Cairo released an announcement that the Yemeni Minister of State and Deputy Foreign Minister, Sheikh al-Qadi Muhammad al-Amri, visited the Soviet Embassy there for a three-hour talk with Solod. Amri was accompanied by Taleb and Sayyid Ahman Muhammad al-Shami, then identified as "Chief of the Royal Court" and later, in December 1955, as Yemeni Charge d'Affaires in Cairo. The announcement stated that agreement was reached on the renewal of the 1927 Soviet-Yemeni treaty, on the exchange of diplomatic representation, and on the "consolidation of trade and economic relations" between the two countries. 20/

On 31 October 1955, a Soviet-Yemeni treaty of Friendship was signed by Taleb and Solod at the Yemeni Legation in Cairo and announced to the press. Although the text of this treaty has not been released, it was then said to include provisions for facilitating "commercial exchanges," providing for the establishment of diplomatic relations "subject to special agreement to be concluded later," and for implementation of the treaty upon the subsequent exchange of instruments of ratification. The treaty was to be in force for five years and contained a five-year renewal proviso. 21/ It was rumored at the time of signing that the Soviets had offered Yemen unconditionally every type of assistance including arms, but there was no public mention of Soviet arms offers. 22/ On 16 November 1955, however, Taleb was quoted in the Cairo press as stating that "Yemen is prepared to accept arms from Russia if offered to us." 23/ On 6 December 1955, after a meeting with Solod in Cairo, al-Shami reiterated that Yemen would accept Soviet arms if offered. 24/

Since the announcement of the Soviet-Yemeni Treaty of Friendship, Yemen has negotiated additional agreements with the Soviet Union and treaties and agreements with Czechoslovakia, East Germany, Communist China, Poland, Rumania, probably Hungary and possibly Bulgaria. Excepting a Treaty of Friendship and two agreements with Communist China, the texts

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of these treaties and agreements do not appear to have been disseminated. A number of subsequent contracts also appear to have been negotiated. 25/

The negotiations involved the visit to Yemen of various Bloc diplomats, high-ranking personalities, and delegations as well as exchange visits of Yemeni officials and delegations to the Soviet Union and other Bloc countries. Negotiations were also conducted in Cairo. Bloc technical missions, particularly, have made repeated visits to Yemen for survey purposes as well as to submit bids and conduct negotiations prior to the conclusion of detailed contracts. Technical missions with survey functions have prolonged their stay in Yemen for many weeks. In fact, negotiations alone appear to account for a high proportion of the Communist experts whose presence in Yemen has been reported since early 1956.

Regardless of type, Yemeni negotiations with Bloc countries were conducted on the highest political, diplomatic and administrative or technical levels, giving the Communists frequent opportunities to accord Yemeni officials much deference and flattery. Although preliminary offers and exploratory negotiations have extended over long periods of time, this high-level treatment, particularly in the case of military assistance, frequently produced quick negotiation and delivery.

Communist negotiations with Yemen provide an example of another usual Communist practice: encouraging the recipient country to submit a five-year (or seven-year) plan, incorporating specific proposals for economic development projects. In this manner, the Communists learned in detail of specific Yemeni desires and needs prior to submission of their own proposals. Subsequent negotiations gave evidence of the inter-Bloc coordination in detail on the various proposals to be submitted to Yemen. Aid agreements for particular projects have been negotiated with one country while actual contractual arrangements were made in whole or in part with a second Bloc country. Grants-in-aid from the Communist Chinese for identical or similar projects also have entered the picture. Two or more Bloc countries have submitted counter-bids, particularly where bids from enterprises in Western countries have been involved. Also, there has been a suggestion of attempts to establish multipartite Bloc trade arrangements with Yemen.

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The following is a chronology of Yemeni negotiations with Bloc countries reported since the signing of the Soviet-Yemeni Treaty of Friendship.

<u>Jan-Feb 1956</u> in Yemen	Visit of Soviet "Economic Mission" to negotiate a trade and payments agreement and, probably, a military assistance agreement. 26/
<u>Mar 1956</u> in Cairo	Soviet-Yemeni trade and payments agreement negotiated and signed. 27/
<u>Apr 1956</u> in Cairo	Implementation of Soviet-Yemeni trade and payments agreement discussed along with preliminary negotiations for a scientific-technical assistance agreement. 28/
<u>Feb-Mar 1956</u> in Yemen	Visit of Czech "Economic Mission," probably to negotiate a Czech-Yemeni trade and payments agreement and discuss Czech-Yemeni military assistance agreement. 29/
	Yemeni Crown Prince and delegation visit the Soviet Union, East Germany and Czechoslovakia for the negotiation and signing of various treaties, agreements and contracts including: 30/
<u>Jun 1956</u> in Moscow	Soviet-Yemeni agreement for the exchange of diplomatic representation, military assistance agreement, scientific-technical assistance agreement, two trade and payments contracts, and possibly a cultural assistance and exchange agreement negotiated and signed; secret agreement for establishing military base for Soviet use in Yemen possibly discussed; Crown Prince presents 5-Year Plan for Yemeni economic development to Soviet Union at this time. 31/
<u>Jun-Jul 1956</u> in East Berlin	East German-Yemeni trade and payments agreement negotiated and signed, agreement for scientific-technical assistance negotiated, and agreement for exchange of diplomatic representation discussed. 32/

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<u>Jul 1956</u> in Prague	Czech-Yemeni treaty of friendship and trade and payments agreement negotiated and signed; military assistance agreement and contract probably negotiated and signed at this time; agreement for the exchange of diplomatic representation, scientific-technical assistance agreement, and probably a cultural assistance and exchange agreement negotiated. 33/
<u>Jul 1956</u> in Yemen	Visit of East German "Technical Mission" to negotiate trade and payments agreement, scientific-technical assistance agreement, and make preliminary technical surveys. 34/
<u>Aug-Sep 1956</u> in Cairo	Communist Chinese-Yemeni agreement for the exchange of diplomatic representation negotiated and signed; treaty of friendship and agreement on scientific-technical and cultural cooperation negotiated. 35/
<u>Sep 1956</u> in Cairo & Yemen	Communist-Chinese-Yemeni agreement negotiations in Cairo on exchanges of diplomatic representation are followed by visit of Chinese "Cultural Mission" to Yemen (unconfirmed). 36/
<u>Nov-Dec 1956</u> in Yemen	Visit of East German Mission to negotiate scientific-technical assistance agreement and, probably, trade and payments agreement, and to make preliminary surveys. 37/
<u>Nov-Dec 1956</u> in Yemen	Visit of Czech "Economic Mission" to negotiate scientific-technical assistance agreement and, probably, trade and payments agreement. 38/
<u>Jan 1957</u> in Yemen	Visit of Soviet Military and technical Mission to negotiate military assistance agreement, and possibly, scientific-technical assistance agreement. 39/
<u>Jan-Apr 1957</u> in Yemen	Lengthy visit of East German Trade Delegation to make technical surveys and conduct further negotiations on scientific-technical assistance agreement and related contracts. 40/
<u>Feb-1957</u> in Yemen	Visit of Soviet Engineering mission to make surveys for port construction and conduct negotiations on scientific-technical assistance agreement and contracts. 41/

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<u>Mar 1957</u> in Cairo	Czech-Yemeni negotiations on military assistance agreement and, probably, related contracts. 42/
<u>Apr 1957</u> in Cairo	Meeting of Soviet Ambassador to Egypt and Yemeni Deputy Foreign Minister at Yemeni Legation, possibly to negotiate further military assistance to Yemen. 43/
<u>Apr 1957</u> in Yemen	Visit of Czech delegation to negotiate trade and payments agreement and military assistance agreement. 44/
<u>May 1957</u> in Yemen	Visit of Syrian Delegation headed by Foreign Minister Salah BITAR rumored to include three Soviet officials who took part in ensuing discussions and negotiations.
<u>Jul 1957</u> in unspecified location	Czech-Yemeni scientific-technical agreement contract for geological survey in Yemen negotiated.
<u>Ca. August 1957</u> in Yemen	Possible visit of Bulgarian Trade Representative from Damascus, Syria to negotiate trade and payments contracts.
<u>Sep 1957</u> in Cairo (?)	Soviet Commercial Representative from Cairo negotiates with Yemeni Commercial Agent and businessman from Aden on proposed trade and payments contract.
<u>Fall 1957</u> in Yemen	Possible visit of combined Soviet-Czech Engineering Mission to negotiate contracts for port construction under scientific-technical assistance agreements. 45/
	Yemeni Crown Prince and delegation visit Rumania, Poland, the Soviet Union, Communist China and Hungary for negotiation and signing of various treaties, agreements and contracts including:
<u>Dec 1957</u> in Bucharest	Rumanian-Yemeni Treaty of Friendship, agreement for exchange of diplomatic representation, trade and payments agreement, scientific-technical assistance agreement and cultural assistance agreement negotiated and signed; trade and payments contract possibly negotiated and signed. 46/

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<u>Dec 1957</u> in Warsaw	Polish-Yemeni agreement for exchange of diplomatic representation, probably treaty of friendship, and possibly scientific-technical assistance agreement negotiated.
<u>Dec 1957</u> in Moscow	Soviet-Yemeni negotiations of an unspecified type. 47/
<u>Jan 1958</u> in Peking	Communist Chinese-Yemeni treaty of friendship, treaty of commerce, and agreement on scientific-technical, and cultural cooperation negotiated and signed. 48/
<u>Jan 1958</u> in Moscow	Further Soviet-Yemeni negotiations of an unspecified type. 49/
<u>Jan 1958</u> in Budapest	Hungarian-Yemeni negotiations of an unspecified type.
<u>Jan-Feb 1958</u> in Yemen	Visit of Soviet Military and Technical Mission to conduct surveys and negotiate supplemental Soviet-Yemeni military assistance and scientific-technical assistance agreement, discuss implementation of agreement for exchange of diplomatic representation, and probably negotiate individual contracts; secret agreement for establishment of military base for Soviet use in Yemen probably negotiated at this time. 50/
<u>Apr 1958</u> in Yemen	Visit of Communist-Chinese Technical Mission to negotiate agreement for scientific-technical and cultural cooperation, and possibly negotiate individual contracts. 51/
<u>Apr 1958</u> in Yemen	Visit of Polish mission to negotiate scientific-technical and possibly trade and payments agreements. 52/

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C. Bloc Activities in Yemen

1. Arms Deliveries

During early fall 1956, the first shipment of Communist Bloc goods was delivered to Yemen. It consisted primarily of war materiel. The first Bloc experts to be stationed in Yemen arrived at the same time. They were armament technicians.

The arrivals occurred within three months after Prince Badr concluded the first phase of the Communist-Yemen negotiations with his visits to the Soviet Union, East Germany and Czechoslovakia. The Yemeni agreements to purchase Bloc war materiel were signed by him at that time.

Since the initial shipment Yemen has received Bloc arms in far greater quantities than it can absorb. Included are many items of complex equipment which cannot be operated by the untrained Yemenis for some time to come.

The Bloc arms fit into three main categories:

- a. Arms, ammunition, and miscellaneous small items available for immediate distribution and use by Yemeni military forces.
- b. Equipment which can be handled by a limited number of Yemeni personnel, but made available in quantities which cannot be absorbed without expansion of military training activities.
- c. Complex military equipment which cannot be operated by Yemeni personnel, either now or in the immediate future.

The last category includes the probable delivery of jet-engine aircraft which cannot be used due to inadequate airport facilities in the country.

By necessity, arms and other supplies to Yemen were delivered by Bloc merchant vessels which had to be tediously

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off-loaded near Yemen's three minor and inadequate ports.* The flow was curtailed after the Suez Canal was closed on 18 November 1956, but was renewed with substantial deliveries in May 1957, after the canal was reopened. Since September 1956, over 20 vessels have unloaded substantial quantities of war materiel plus at least two large shipments of construction materials. 53/

2. Selective Bloc Activities

The initial shipments of Bloc arms for Yemen were made during the Suez crisis, when the Communists, taking full advantage of aroused Arab emotions, initiated a program of military activities and projects which still continues.

Since early October 1956, 150-200 Bloc experts have been stationed in Yemen, in addition to the greater number who have visited there and taken part in the many Communist-Yemeni negotiations. The Bloc experts, mainly Soviet, are reported to have worked on at least 60 activities of varying types and locations.

Almost without exception, these activities are military in nature or are of strategic interest. Those of strategic interest either enhance military operational or logistical capabilities, materially strengthen the Bloc position within Yemen, or both. The resultant pattern of activity bears little resemblance to ostensible Bloc intentions publicized during trade and aid negotiations.

* When Bloc shipments began, Yemen had only three usable ports: Salif, Hodeida and Mocha. The harbor at the latter port was badly silted. At all three locations, only small craft could be docked. The harbor at Salif provided the closest offshore deepwater anchorage, an unfortunate circumstance from the Communist and Yemeni viewpoints, because the anchorage is in a narrow channel separating Yemen from British-occupied Kameron Island. Also unfortunate has been recent Yemen reliance on the British port of Aden for trans-shipment of goods. The only long-distance road connecting Yemen with an adjacent territory leads to this port. Like all roads in Yemen's spare road network, it is completely inadequate for long-distance motor vehicle traffic. Yemen has no railroads.

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The first group of Bloc experts to be stationed in Yemen arrived at the port of Salif about 12 October 1956. Identified as Czech nationals, the 7-man group was billeted in the government hotel ("guest house") at Hodeida, the port, commercial center and largest city of Yemen nearly 40 miles to the South. Their initial duties included the unloading, handling and storage of the Czech military equipment then being delivered at Salif. ^{54/} Their primary mission, however, was the instruction of Yemeni military personnel at Hodeida. ^{55/} The group remained in Yemen for about 8 months. They failed to become effective as an instruction team because of language difficulties. ^{56/} Some or all returned home during May 1957. Meanwhile, their original duties were taken over by additional Czech and Soviet personnel at Salif and elsewhere.

Subsequent Bloc military activities have been of three types: technical support, instruction and training, and construction. The following have been reported:

Date*	Project or Activity	Location	Bloc T/O**
Oct 56	Czech (and Soviet?) Technical Support and Instruction Mission (S)	Salif (vicinity)	26
Jan 57	Soviet (Czech?) Anti-Aircraft Artillery Training Activity ^{57/}	Sana'a (vicinity)	4

* Dates indicate period during which activity was begun, initially observed, or first reported. No distinction is made between the beginning of the preliminary survey and the construction.

** Figures indicate maximum number of Bloc personnel reported. Some Bloc personnel, active at other locations also, may be included in totals for these locations.

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Date	Project or Activity	Location	Bloc T/O
Apr 57	Soviet Military Base Construction Activities <u>58/</u>	Shaikh Sa'id (vicinity)	Unknown
Jun 57	Soviet Helicopter Transport Service <u>59/</u>	Ta'iz	18-20
Jun 57	Soviet (Czech?) Weapons Instruction Activity <u>60/</u>	Sana'a (vicinity)	4-7
Jul 57	Short-wave Radio Facility <u>61/</u>	Sana'a	-
Jul 57	Short-wave Radio Facility <u>62/</u>	Salif	-
Jul 57	Short-wave Radio Facility <u>63/</u>	Hodeida	-
Aug 57	Soviet Aviation (Pilot) School and Flight Group <u>64/</u>	Sana'a (vicinity)	6-7
Sep 57	Soviet Military Training Advisor (s) (attached to Egyptian Military Training Mission)	Zaydaydah	1
Oct 57	Soviet Military Airbase Construction Activity <u>65/</u>	Sana'a (vicinity)	Unknown
Jan 58	Soviet Military Construction (and training?) Activity	Ibb	Unknown
Feb 58	Soviet Military Base Construction Activity <u>66/</u>	Salif (vicinity)	Unknown

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Several months after initiating shipments of military goods, the Bloc commenced a program of sending medical personnel to Yemen. Many of these persons were to be stationed at strategic or critical locations, including points close to the disputed Aden Protectorate-Yemeni border area. Some may not have arrived at their intended posts, however. The program began with the arrival of a Soviet Medical Mission on 9 February 1957 at Hodeida, 67/ It consisted of two physicians, one accompanied by his wife who was a medical technician, 68/ Since then, the following Bloc medical facilities and personnel have been reported in Yemen:

Date	Type	Location	Bloc T/O
Mar 57	Soviet Medical Mission 69/	Ma'rib	3
Mar 57	Soviet Medical Mission 70/	al-Baidha	3
May 57	Soviet Medical Mission & Laboratory 71/	Sana'a	3
May 57	Czech Medical Facility 72/	Salif	1
Dec 57	Czech Medical Mission 73/	Sana'a	4
Dec 57	Soviet Medical Mission 74/	Ta'iz	1
Nov 57	Czech Medical Mission 75/	Ta'iz	4
Jan 58	Soviet Medical Mission and Hospital (Dispensary?) 76/	Ibb	Unknown

Shortly after launching the medical program, several of the Bloc countries began to establish either commercial missions or so-called "mixed commissions" of commercial and technical representatives. The Soviet Union alone has established a diplomatic mission in Yemen. The following Bloc facilities have been reported:

Date	Type	Location	Bloc T/O
Apr 57	Czech Trade Representative and Commercial-Technical Mission 77/	Sana'a	4
Sep 57	East German Trade Representative and Commercial-Technical Mission 78/	Sana'a	4

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Date	Type	Location	Bloc T/O
Oct 57	Soviet Trade Representative (& Mission?)	Sana'a	1
Feb 58	Soviet Legation 79/	Ta'iz	5
Jun 58	Hungarian Commercial Mission 80/	Ta'iz (?)	Unknown

High on the Bloc agenda was the development of critically needed port facilities. One of the first activities initiated after the reopening of the Suez Canal in May 1957 was the hasty construction of temporary pier facilities at Salif. Eight Soviet or Czech technicians, probably military, completed the job within a month. 81/ A continuing Bloc program for port construction and development has been initiated. The following activities have been reported:

Date	Activity	Location	Bloc T/O
Jan 57	East German (?) Port Development 82/	Salif	13
Apr 57	Soviet Pier Facilities Developments (Associated with Military Base Construction) 83/	Sheikh Sa'id	Unknown
Oct 57	Soviet-Czech Deepwater Port Development 84/	Ras al-Khatib and/or Mina al-Hamadani	65-75*
Oct 57	Soviet Port Development 85/	Mocha	Unknown

* This is the largest Bloc development project implemented thus far in Yemen. Reported totals of Bloc experts sent to Yemen in connection with the project have varied considerably, and are primarily responsible for variations in the over-all estimated total of Bloc personnel stationed in the country. Many of these experts may have been involved only in preliminary surveys and negotiations. Bloc personnel stationed in Yemen in connection with the project probably are, or will be, billeted at Soviet barracks reportedly under construction two miles north of Hodeida during April 1958.

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Some Bloc airport improvement and construction activities have gone on simultaneously with port development projects. The following are reported:

Date	Activity	Location	Bloc T/O
Apr 57	Soviet Airfield Development (Associated with Military Base Construction)	Sheikh Sa'id	Unknown
Jun 57	Soviet Long-airfield Development	Salif (vicinity)	Unknown
Aug 57	Soviet Auxilliary Airfield Improvement 86/	Sana'a (vicinity)	Unknown
Aug 57	Soviet Long-airfield Development 87/	Ta'iz	Unknown
Apr 58(?)	Soviet Small Airport Improvement 88/	Hajja	Unknown
Apr 58(?)	Soviet Small Airport Improvement 89/	Ma'rib	Unknown
Apr 58(?)	Soviet Long-airfield Development 90/	Hodeida	Unknown
Apr 58(?)	Soviet Long-airfield Development (Associated with Military Airbase Construction) 91/	Sana'a (vicinity)	Unknown
Apr 58(?)	Soviet Small Airport Improvement 92/	Bajil	Unknown
Apr 58(?)	Soviet Small Airport Improvement 93/	Hada	Unknown

Many construction activities of strategic interest, such as ports and airports, had been the subject of preliminary surveys by experts during the winter, spring, and summer of 1957. Most construction work did not begin until early fall 1957. According to the Imam, in September 1957 there were in Yemen about 57 Orbit experts and technicians, of which seven were Czechs and 48 Russians. With one exception, a Colonel engaged in military training, the Russians were responsible for such functions as assembling military equipment, driving tanks, and other non-military activities. 94/

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Other non-military activities of strategic interest which have been reported are as follows:

Date	Activity or Project	Location	Bloc T/O
Oct 56	Soviet or Czech Paved Motor Road <u>95/</u>	Salif-Hodeida	Unknown
Jul 57	Soviet Water Resources Development (Associated with Military Base Construction) <u>96/</u>	Sheikh Sa'id (vicinity)	Unknown
Summer 1957	East German Cement Plant Construction <u>97/</u>	Hodeida	Unknown
Summer 1957	Soviet and Czech (plus Yugoslav) Technical Assistance for Yemeni Airlines (aircrew and groundcrew) <u>98/</u>	Ta'iz (Hq)	5-8 (/ 5 Yugos)
Sep 57	East German Dial Telephone System <u>99/</u>	Sana'a	1
Sep 57	Soviet or Czech Motor Road Improvement <u>100/</u>	Hodeida-Sana'a	Unknown
Oct 57	East German (?) Electric Power Plant Development <u>101/</u>	Sana'a (vicinity)	Unknown
Oct 57	Two additional East German (Czech?) Cement Plants <u>102/</u>	Unknown	Unknown

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Date	Activity or Project	Location	Bloc T/O
Fall 1957	Soviet Special Engineering Consulting Group <u>103/</u>	Hodeida	About 100*
Fall 1957	Czech Engineer-Technical Group <u>104/</u>	Hodeida	
Early 1958	Soviet (Rumanian & Czech?) Geological Exploration <u>105/</u>	Tihama (coastal lowland)	Unknown
Feb 58	East German Dial Telephone System <u>106/</u>	Hodeida	Unknown
Feb 58	Czech (Soviet?) Water Resources Development <u>107/</u>	Hodeida (vicinity)	Unknown
Apr 58	Soviet (?) Gasoline Storage Facilities Development	Various unspecified	Unknown

* Figure includes an unspecified number of the personnel assigned to port development work at Ras al-Khatib or Mina al-Hamadani and, therefore, overlaps other totals of Bloc personnel listed above. In addition, this total includes Soviet and Czech geologists, road and aeronautical construction engineers, and industrial experts.

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Few other Bloc activities in Yemen have been reported, none of them confirmed. In July 1957, Yemen reportedly accepted the "gift" of equipment for a 150 kilowatt radio station from Czechoslovakia, probably for installation at Hodeida. 108/ Early in 1958, an official Egyptian announcement stated that a "UAR radio station from Czechoslovakia" was to be shipped to Yemen in June 1958, 109/ but its arrival has not been reported. Meanwhile, the Czechs had announced that a group of their agricultural experts were departing for Yemen in June 1958 to construct "model farms"--possibly a subterfuge designed to conceal establishment of additional military training facilities in Yemen.* 110/ Czech participation in the development of a Yemeni textile mill, probably at Bajil, has received vague mention but also remains unconfirmed. 111/

There are no indications that the widely publicized trade arrangements between Bloc countries and Yemen have been implemented to any substantial degree. None of the Bloc vessels which called at Yemeni ports were reported to have left with Yemeni export products. Yemeni transshipment of staple export commodities to Bloc countries through Aden likewise have been unreported. During June 1957, the Imam suspended commercial transactions under the Soviet-Yemeni Trade and Payments agreement, according to instructions issued to his Commercial Agent at the port of Aden. 112/

3. The Role of Key Bloc Experts in Yemen

There has been no evidence or allegation that the Bloc experts have aroused Yemeni suspicions on the basis of illicit activity affecting the country's security. However, their mere presence as foreigners has aroused the critical attention and suspicions of many xenophobic officials and other Yemenis. They are discouraged from circulating freely among the populace

* During May 1957, the Imam stated that there were "seven Czechs in Sana'a who are there to teach us how to operate the agricultural tools and equipment we ordered from Czechoslovakia." He denied that Bloc military experts were present in Yemen. Before this interview, the stationing of Bloc military personnel at or near Sana'a was reported by reliable observers. No Bloc agricultural equipment or experts have been reported. 113/

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and all overland travel for them, as for all foreigners, is strictly controlled by Yemeni authorities.* Nevertheless, the Yemeni government has no effective security investigation or surveillance aside from basic physical security measures which are the responsibility of its armed forces.**

Bloc experts stationed in Yemen have not been associated positively with Communist undercover organizations or activities according to available information. Their backgrounds and qualifications, where known, seem to fit their specialized assignments. However, it may be inferred from available data that a few of the experts have responsibilities for implementation and guidance of the Communist effort beyond their specialized assignments.

The one notable exception to the politically innocent facade of Bloc experts in Yemen is Yuliy Sultanov. Available information suggests that he is associated with Soviet undercover organizations.

* Bloc personnel in Yemen apparently circulate with some freedom in the city of Hodeida and the port village of Salif, where most of them are concentrated. A newspaper dispatch filed during February 1958, however, stated that they were banned by decree of the Imam from entering Sana'a (the capital city) and Ta'iz (the seat of the government). The ban, if it existed, presumably did not apply to the few Bloc personnel stationed within each city but to those posted to installations in the vicinity and elsewhere.

The Imam revealed the nature of his attitude toward Communist personnel in response to a comment on their frequent air-travel throughout Yemen. He stated that he could see no danger to their frequent flights over the arid wasteland because no one lived there; therefore, they were not converting the Yemeni populace to Communism. In effect, he said that as long as the Communists did not come into personal contact with the general populace, he saw no danger in their presence. 114/

** One of the important functions of Yemeni troops is to man numerous checkpoints along overland routes of travel. Travelers, foreign or native, must produce official passes at each checkpoint. In addition, the feudal practice of enforcing curfew at sundown is routine in Yemeni communities and town gates are locked at this hour.

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a. The Role of Soviet Interpreter Sultanov

Yuliy Sultanov was born about 1927 in Yemen, when his father was there as a member of the first Soviet Commercial Mission. When the father was stationed in Cairo, during and after World War II, Yuliy attended Al Azhar University and later Moscow University. He was employed, ostensibly, as an Arab specialist for Moscow Central Broadcasting (Radio Moscow) when Prince Badr first visited Moscow during June 1956. Yuliy was introduced to his regal Arab contemporary as an interpreter for the Prince and his delegation. He then applied for an Egyptian visa which was granted on 25 June 1956, the day Badr left Moscow. Soon after, he arrived in Cairo as technical advisor to a Soviet motion picture team which was producing a film in Egypt. 115/

The younger Sultanov went to Yemen during the first half of 1957 as an interpreter for Soviet experts, initially for a Soviet medical mission. He may have accompanied the first group of Soviet doctors who arrived at Sana'a on 28 February 1957, but probably arrived with a second group on 27 March. This latter group included doctors who were to be sent to points near Ma'rib and al-Baidha, centers for staging Yemeni military activity in the Aden Protectorate border areas. Sultanov began to attract attention when first observed in the company of Prince Badr during early May 1957, while the latter was personally supervising the unloading of Soviet war materiel at Salif. 116/ It soon became evident that he had formed or was forming a close personal alliance with Badr, whom he accompanied on frequent journeys throughout Yemen. 117/

During late June or July, Sultanov was stationed with a recently arrived Soviet helicopter transport group which was set up at Ta'iz airfield. The group then consisted of Sultanov, 10 pilots of groundcrew members and one helicopter. Recently, it has consisted of 2-4 helicopters and 14-18 members who permanently reside in a two-story "guest house" at the Ta'iz airport. This is Sultanov's fixed address in Yemen. 118/

In addition to his association with Badr, this young Soviet national of Muslim extraction attracted early attention because of the obvious deference with which he was treated by other Soviet experts. Aside from the helicopter personnel with whom

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he resides and travels, Sultanov appears to move primarily in foreign or Yemeni official circles. He seems to maintain close association with other Bloc experts, particularly non-Soviets, only on business matters. One of his close friends is said to be an Egyptian by the name of "Salah" whom he knew while at Al Azhar University. 119/ Possibly, this man is Captain Salah al-Mahrizi, an officer of the Egyptian small-arms school (at Zaydayday?).* 120/

Sultanov is known to have had at least one personal interview with the Imam, ostensibly on salary arrangements. On another occasion he is alleged to have "advised" Yemeni Deputy Foreign Minister al-Qadi Mohammad Abdulla al-Amri that Yemen should not interfere in a then current British-Omani dispute in order to avoid Yemeni-British entanglement at the moment.

Sultanov has the opportunity for extensive travel within Yemen by virtue of his control of the helicopter facility. All significant locations in Yemen are accessible by this means, whereas overland travel is difficult and facilities for conventional aircraft are limited.

In addition, Sultanov has maintained significant contacts outside of Yemen, of which perhaps the most significant has been with the elder Sultanov. Yuliy is known to have left Yemen only once for any considerable length of time. The occasion was his return to Moscow in December 1957. 121/ The trip coincided with Badr's second visit to the Soviet Union and it is likely that he resumed his original role as the Prince's interpreter in the Soviet Union. He returned to Yemen by the end of December, while Badr proceeded Eastward to Communist China. Sultanov undoubtedly conferred with his father in Moscow at this time; but in any event both had opportunity to meet again during February 1958 when the father visited Yemen. 122/ This visit occurred either during, shortly before or immediately after the Yemeni announcement in Cairo on 6 February 1958 of "federation" with the UAR.

* Another possibility is that the friend actually is a Yemeni, Salah Muhsin, who is a strongly pro-Egyptian member of the Imam's retinue and a former personal secretary to Badr. 123/

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Yuliy Sultanov's most frequent outside contacts, however, have been with Anatoliy Gromov, the Soviet "Counselor for Economic Cooperation" in Cairo, who may be his immediate superior.

Gromov is known to have paid his initial visit to Yemen prior to Sultanov's arrival. He accompanied the Soviet Military and Technical Mission which was negotiating there during January 1957. He revisited Yemen for about one week on or about 12 March 1957 and had two personal interviews with the Crown Prince. 124/ Immediately upon returning to Cairo from this visit he dispatched most of his Cairo staff to Yemen. Soon thereafter, during early April, Soviet nationals were first observed in the vicinity of Sheikh Sa'id making preliminary surveys for military base facilities later under construction in that critical area.

Gromov's first known contact with Sultanov, however, did not occur until September 1957. On the 26th, both he and Sultanov arrived together at Asmara, Eritrea from Yemen by Ethiopian Air Lines (EAL). Gromov left Asmara for Cairo on 28 September and Sultanov returned to Hodeida, Yemen on 29 September. 125/ Sultanov's purpose and local contacts in Asmara are unknown. Asmara, however, is believed to be a center and contact point for Soviet undercover activities in that part of the world. 126/

A potentially significant although unconfirmed contact of Sultanov's may be Sergey Kaverin, Soviet "Cultural Counselor" in Cairo. Kaverin was in charge of Arab Broadcasting for Radio Moscow in October 1955 when he visited the Arab states. He traveled to the area again from December 1956 to February 1957 as a member of a Soviet newspaper delegation. Kaverin has been identified as a Soviet intelligence operative with several years experience in Turkey before his more recent assignments. 127/

b. The Role of Soviet Medical Personnel

In Yemen, medical facilities are extremely limited and there are no native doctors. Foreign medical personnel, therefore, are likely to establish significant contacts and have unusual opportunities to act as strategically placed observers of developments and events.

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In this light, the placement of Bloc medical personnel in Yemen suggests that they have responsibilities as observers in addition to their medical duties. The first two Soviet doctors to arrive were placed in the Yemeni hospital at Hodeida, already served by Italian doctors. The Soviets offered the services of one or both to the Imam whose state of health is a crucial factor in current Yemeni political affairs. One doctor is known to have acted as consulting physician to the Imam on at least one occasion, although the Imam appears to continue to prefer Italian doctors. 128/ The names of the Soviet doctors (possibly misspelled) are Vladimir Archova (Archov?) and Mustapha Solokhov.* The latter was transferred to Sana'a on 11 May 1957, where he remained and has opened an informal Russian language school. 129/ The presence of Soviet medical personnel and facilities at Ibb, the main staging post for Yemeni military activity in the area, has been indicated. 130/

c. Other Key Bloc Experts

Little is known concerning other key Bloc personnel who are stationed in Yemen. The various Bloc trade representatives do not appear to have established a wide circle of contacts. A Soviet colonel, possibly responsible for the activities and conduct of Soviet military personnel in Yemen, remains unidentified. 131/

The contacts and activities of the Soviet diplomatic personnel who arrived to establish the Soviet Legation in Ta'iz during February 1958 have not been reported. The staff consists of a Charge d'Affaires, S. Nemchinov, his wife, and four assistants. 132/

* Solokhov is believed to be accompanied by his wife who is a medical technician or a dentist. He left Yemen once to return, during September 1957, with a Soviet chemist who was to set up a medical laboratory in Sana'a. Many variations in the spelling of his name have appeared: Solochon, Salahov, Salikov, Solokhon, Salekhov and "Salim Salah Mustafa." He is described as an Ajerbaijani.

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D. Balance Sheet of Communist Bloc Accomplishments in Yemen

The Communist Bloc economic and cultural effort in Yemen has had an impact which seems out of proportion to its statistical dimensions. It has not produced any startling changes within Yemen itself, but its achievements forecast continuing Communist guidance of developments which will be favorable to Communist immediate and long-range interests in the Middle East. All significant results indicated thus far have been achieved by overt, albeit opportunistic means. The effort has capitalized upon the political situation within Yemen, Yemeni self-interest, attitudes and problems.

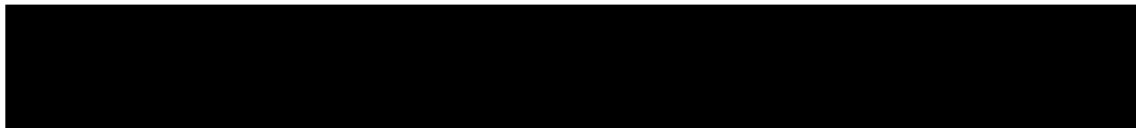
Communist accomplishments include the following political developments achieved as a result of Yemeni-Communist Bloc negotiations:

1. Yemeni diplomatic recognition of nearly all Communist Bloc countries.
2. Political alignment with a pro-Soviet UAR.
3. A possible commitment to permit Soviet use of a military base on Yemeni soil "in the event of hostilities."

In addition, most of the Bloc activities in Yemen have a military nature potentially of strategic value to the Bloc. These include:

1. Improvement of capabilities for the support of large-scale foreign military forces within the country.
2. Partial conversion of the Yemeni military establishment from an internal police force to a force with some offensive capabilities against the neighboring British forces.
3. Creation of logistical conditions requiring the continued presence of military support personnel from Bloc countries and dependence on Bloc sources of supply.
4. Making possible the sale of old weapons to rebellious forces in adjacent British Protectorates by equipping Yemeni garrisons with Bloc arms.*

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In carrying out activities in Yemen, the Communists have placed experts where they may easily function as strategic observers. More importantly, they have placed themselves in a position to exert direct and continuing influence over internal developments.

Coincident with these developments, the Communists have persistently and systematically attempted to eliminate all Yemeni contacts with the West. This has been done by the submission of offers and bids aggressively competing with proposals from Western sources, by initiating activities calculated to terminate Yemen's interest in or dependence upon Western contacts, and by attempts to displace Western experts or equipment already in Yemen with Bloc counterparts.

The following actions by the Bloc are indicative of this effort to isolate Yemen from the West:

1. Construction of port facilities, notably the deepwater port at Ras al-Khatib/Mina al-Hamadani, which will reduce Yemeni reliance on port facilities of the British Colony of Aden.
2. Proposed construction of POL storage facilities "throughout Yemen" to reduce Yemeni reliance on POL supplies from British Aden and other Western sources. 134/
3. Displacement of Swedish by Communist personnel on Yemeni Airlines and offers to exchange Czech for American aircraft. 135/
4. Furnishing of Bloc medical personnel and equipment to displace Italian doctors in Yemeni hospitals at Hodeida, Ta'iz and Sana'a. 136/
5. Installation of telephone systems or offers in competition with West German firms and personnel. 137/
6. Underbidding of an Italian offer for the construction of a cement plant in Yemen, including substitution of

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an original Czech offer by a more favorable East German offer.*

7. Offers for and initiation of geological exploration and development in competition with proposals from West German and American firms. **
8. Offers for the aerial survey of all "natural Yemen" in competition with American proposals. 138/

The most elusive accomplishment--and perhaps greatest failure--of Communist Bloc negotiations with Yemen, however, lies in the economic realm. During various negotiations, Yemeni officials appear to have been almost reckless in accepting Communist trade and aid offers which would mortgage Yemeni resources on a scale tantamount to Yemeni absorption into the Bloc economic orbit. The Yemenis, however, appear to have avoided entering into specific contractual or other quid pro quo arrangements which would implement such commitments. The commitments they appear most willing to make are in terms of things they do not have yet, such as shares in mineral resources not yet discovered, profits from factories and other

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- * During January 1957, Yemen was considering an offer from an Italian firm for the construction of a cement plant. Shortly before, a Czech delegation had submitted a bid for the project at a price 20 percent lower than the Italian offer. Meanwhile, the Italians had pointed out that their specifications called for equipment superior in quality to the Czechs and suitable for operation in the humid lowland where the plant was to be established. The Czech offer promptly was withdrawn, and the East Germans then in Yemen for negotiations, submitted a bid which equalled the Italian specifications at the 20 percent lower price. 139/
 - ** Both the West German firm of C. Deilmann Bergbau and the American-sponsored Yemen Development Corporation (YDC) had geological concessions in Yemen when the Communist effort began. The YDC concession was cancelled by the Imam in December 1957; the concession of the German firm had lapsed at an earlier date. During January 1958, Standard Oil of New Jersey negotiated with apparent success for a concession in Yemen. In the same month it was reported that a petroleum exploration concession was promised to the Russians--the contract probably to be handled by a Rumanian enterprise--and later the arrival of a substantial number of Bloc geologists in Yemen was reported. 140/

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facilities not yet built. In this respect, perhaps, the Yemenis may think they are driving a hard bargain. Although they may be frustrating a Communist goal by these tactics, it does not appear that the Communists consider it to be their most important goal.

The case of Yemen illustrates the deceptive quality of statistical information concerning Bloc economic and cultural efforts in non-Communist countries. First, available statistics of the total credits extended to Yemen by various Bloc countries are vague and unsatisfactory. It is evident, however, that in terms of value received the aid has been extended primarily in the form of military goods, some construction materials, and the services of Bloc experts. Of these, most of the military equipment, probably excepting small arms, was used and outmoded and might otherwise represent economic waste to the Communists. The services of some Bloc experts are paid directly by the Yemeni Government from its own funds. In addition, most local costs--labor, materials, and transportation--appear to be paid directly by Yemen; possibly excepting the local costs for one major project: military base construction near Sheikh Sa'id. In this specific case, it has been reported that "all costs" are being borne by the Russians. ^{141/} Part of the military equipment sold to Yemen has been paid for by Yemen out of loans obtained from Saudi Arabia. At least \$2½ million appears to have been paid during 1957; and a second installment of an equivalent amount may have been paid in January 1958. ^{142/} As noted, no significant quantities of staple export commodities are reported to have been shipped to Bloc countries from Yemen. Excluding the indeterminable value of outmoded military goods, it is possible that the Bloc's effort in Yemen, to the present time, has cost less than \$10 million; but no accurate evaluation can be made on the basis of available facts.

Viewed statistically, the small number of Bloc personnel sent to Yemen may not appear impressive for a country of 4½-5 million people with a land area roughly equivalent to England and Scotland combined. However, their impact has been greater than their numbers might suggest. The obstacles to getting anything done in Yemen are extreme. In addition to its inadequate

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transportation facilities and other factors contributing to its physical isolation, many other obstacles resulting from its lagging cultural development also exist.* In fact, very few of the "cultural" aspects of the Communist program have been applicable to Yemen.** In this light, the mere diversification of Bloc efforts in Yemen, within a period of less than two years, itself becomes an impressive accomplishment.

The Bloc effort in Yemen reflects its internal coordination of many types of government activity. It illustrates a focusing of effort upon the achievement of specific objectives in an obscure and underdeveloped country. The balance sheet of accomplishments indicates favorable results achieved through relatively small material expenditures.

* There is no real distinction between the Imam's personal fortune and the Yemeni governmental budget. There is no national currency and there are no banking facilities except for a recently established branch of a Saudi Arabian bank. Currency circulated in Yemen is the Maria Theresa thaeler (also called a rial) which is a silver coin fluctuating in exchange value between \$.71 and \$.80. The Imam is said to have had a treasury of approximately 150-200 million thaelers stored in a castle at his tribal stronghold near Hajja. The Yemeni subsist primarily through a barter economy, however. There are practically no skilled or semi-skilled laborers; the working population being employed primarily on the land, either as freeholders or tenant farmers.

There is almost no governmental machinery to administer affairs on a continuing basis aside from military headquarters and a small bureau of the Foreign Ministry. There are no sewerage systems, even in the most populated communities. Piped water is available only in Ta'iz, Sana'a Mocha and Salif. Electricity, produced by diesel electric generators, provides lighting in Ta'iz and Hudaida from dusk to dawn, and in Sana'a from dusk to midnight. The country has only one broadcasting station, a 40-watt facility in Sana'a, and one newspaper. The only industrial enterprise known to be operating in Yemen as of early 1958 was a cotton ginnery and cotton seed mill in Hudaida. Surprisingly, however, the country is served by a primitive but effective network of telegraph stations which were set up before 1918, when Yemen was still part of the Ottoman Empire. In addition, there is a small voice radio communications system. 143/

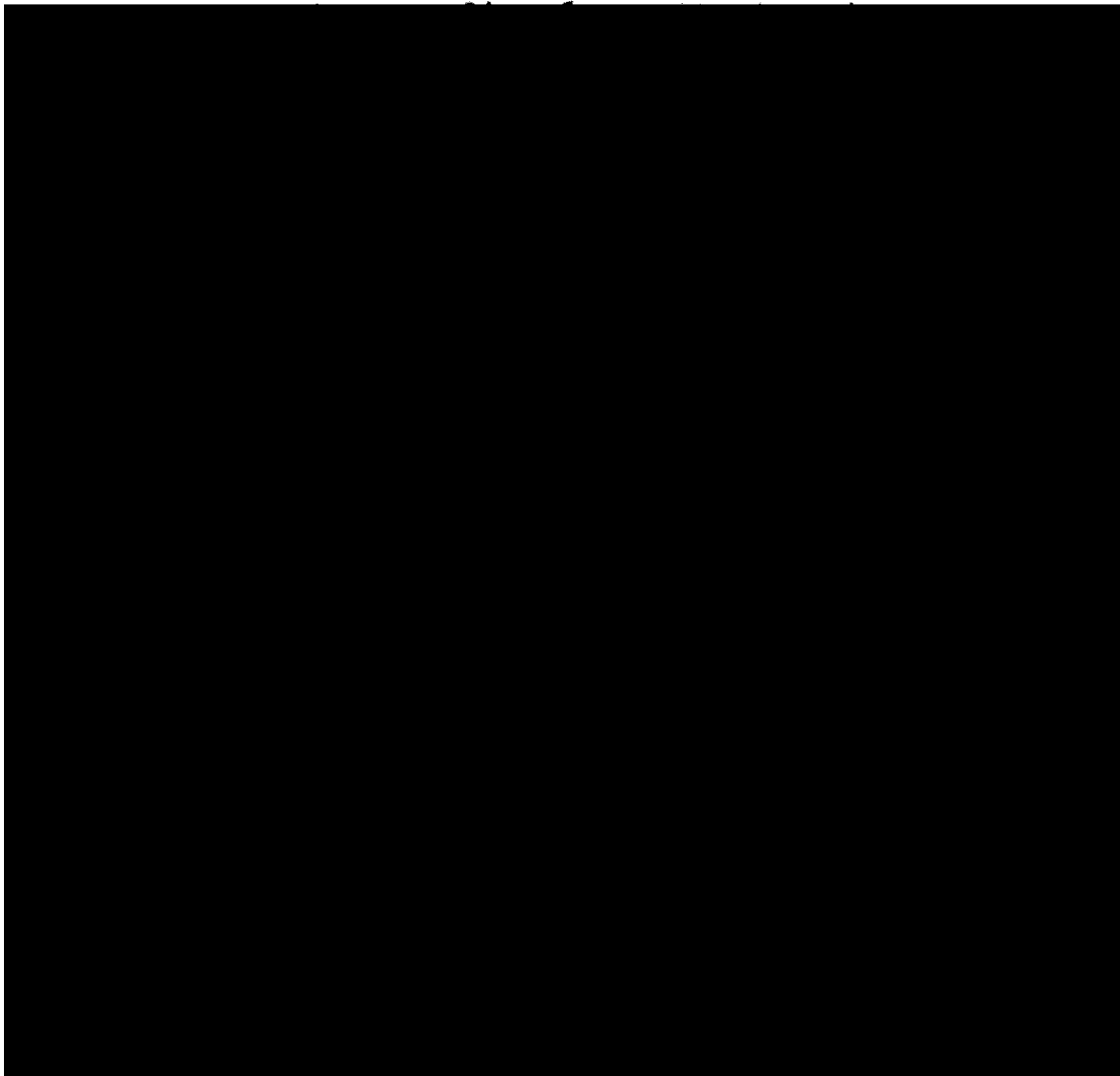
** Aside from the several Bloc "Cultural Missions" which have visited Yemen, action of this type has been limited to the selection of a few Yemeni candidates for medical and engineering studies in two or three Bloc countries. 144/

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SOURCES

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54.



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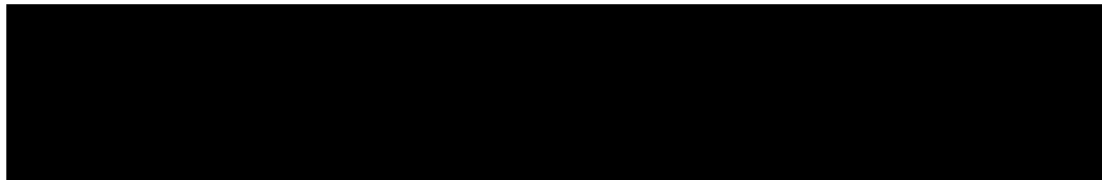
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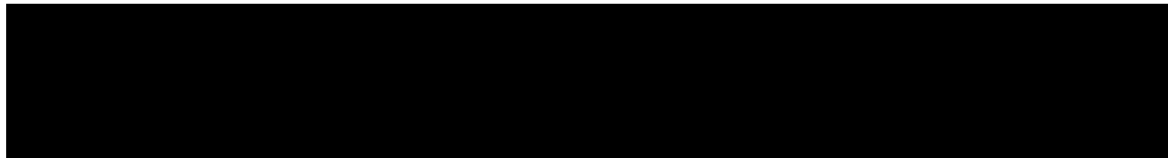
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99. State despatch 120, Aden, 15 Jan 57, Confidential.
100. [REDACTED]
101. [REDACTED] 25X1A2g
102. [REDACTED]
103. State despatch 589, Beirut, op. cit.
104. [REDACTED] 25X1A2g
105. Washington Post, 24 Aug 58.
State despatch 127, Aden, op. cit.
106. State despatch 173, Aden, 27 Apr 57, Unclassified.
107. State despatch 127, Aden, op. cit.
108. [REDACTED] 25X1A2g
109. Reuters despatch, Cairo, 18 Apr 58.
110. New York Times, 2 Jun 58.

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25X1A2g

111.



112.

113. State despatch 299, Jidda, 22 Jun 57, Secret.

114. FBIS, Baghdad (IHS), 1700 GMT, 22 May 58.

25X1A2d1

115. State despatch 66, Jidda, 30 Sep 57, Secret.



116. Ibid.

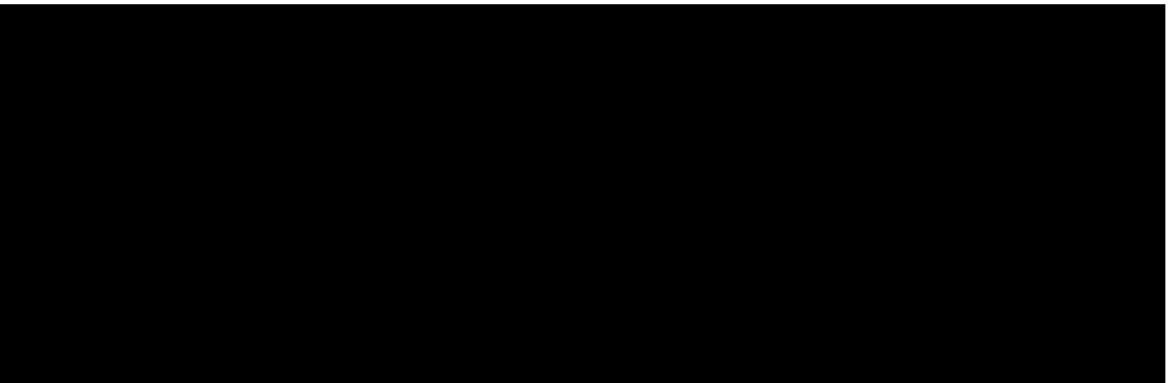
117. State despatch 27, Aden, 22 Aug 57, Secret.

118. Ibid.

119. Ibid.

25X1A2g

120.



121.

122.

123.

124. State despatch 66, Jidda, op. cit.

25X1A2g

125.



126. State telegram 6138, ASMARA, 11 Feb 58, Secret.

127.



25X1A2g

128. State despatch 66, Jidda, op. cit.

129.



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130.

131.

132. State despatch 127, Aden, 14 Oct 57, Secret.

133. State despatch 173, Aden, 27 Apr 57, Unclassified.

134. State despatch 589, Beirut, 15 Apr 58, Confidential.

135. State despatch 127, Aden, op. cit.

136. London Times, 13 May 58.

137. State despatch 126, Aden, 17 Mar 58, Confidential.

138. State despatch 127, Aden, op. cit.

139. State despatch 66, Jidda, 30 Sep 57, Secret.
State despatch 120, Aden, 15 Jan 57, Confidential.

140. State despatch 127, Aden, op. cit.
State despatch 99, Aden, 9 Feb 58, Confidential.
State despatch 126, Aden, op. cit.

141. State telegram, 155, Aden, 25 Apr 57, Secret.

142. State despatch 126, Aden, op. cit.

143. Ibid.

144. State despatch 127, Aden, op. cit.

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