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23 August 1956



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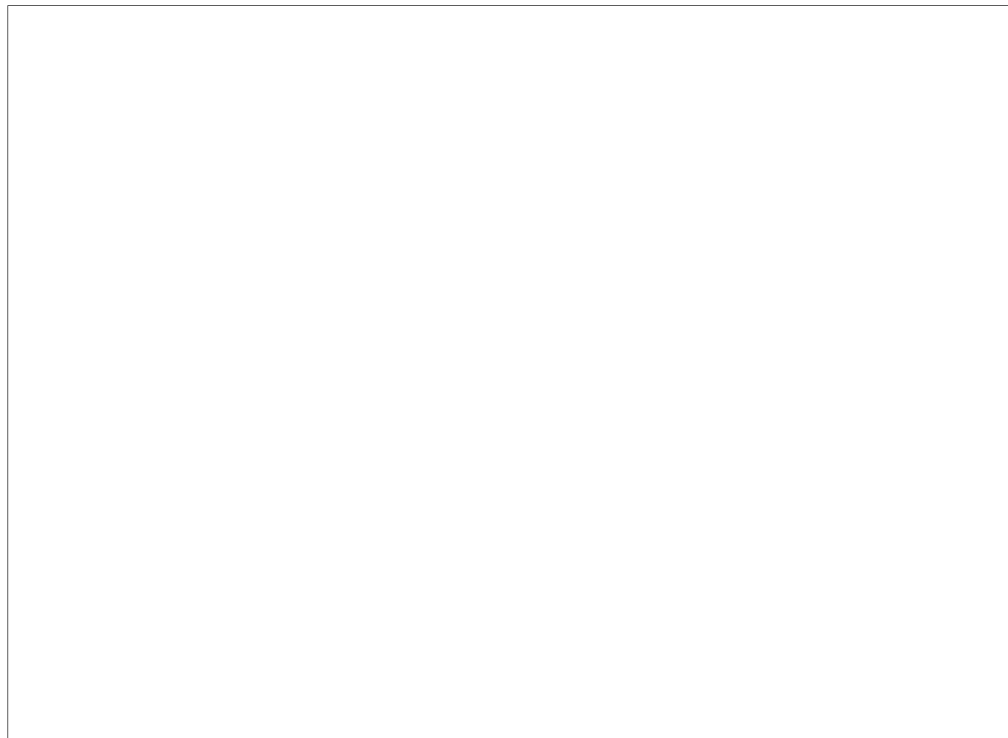
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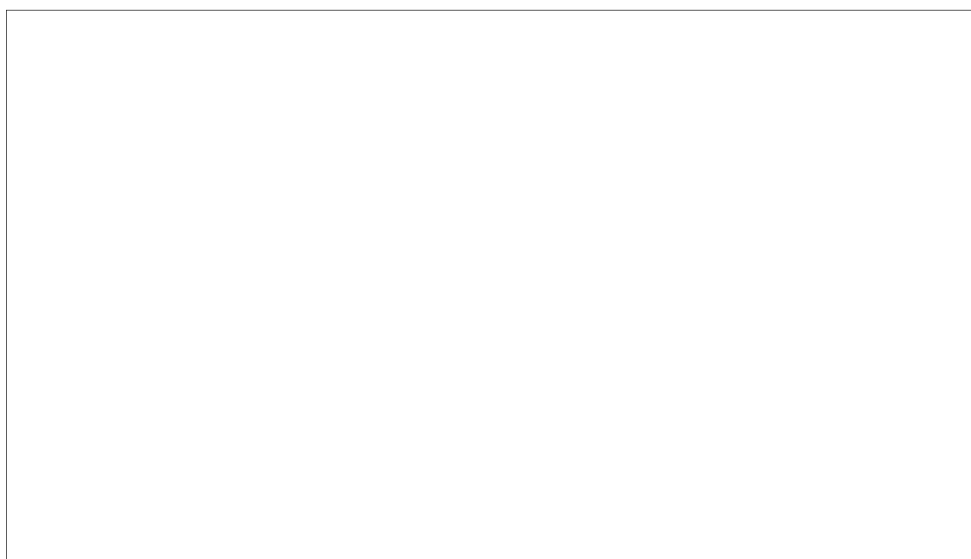
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1. NASR'S WILLINGNESS TO DISCUSS SUEZ WITH LONDON COMMITTEE

[Redacted]

Comment on:

[Redacted]

[Redacted]

Egypt's public suggestion that it is willing to negotiate the Suez dispute provided Britain and France withdraw their military reinforcements in the Middle East is in line with recent [Redacted] reports from Cairo. [Redacted]

[Redacted]

[Redacted]

Egypt, meanwhile, continues to reiterate the theme of Egyptian sovereignty over the canal. [Redacted]

[Redacted]

Nasr has not yet given an indication that he is prepared to make significant concessions on the position he has held on Egypt's right to operate the canal. The impression left by reports from Cairo is that he continues to have the full support of the people. [Redacted]

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2. MOROCCAN SULTAN SEEKS TO AVERT GOVERNMENT CRISIS

[REDACTED]

The Moroccan sultan has called in the ten Istiqlal cabinet members individually and informed them that he would refuse to accept their resignations, which were demanded by the party's national council on 20 August, palace sources in Rabat have informed the press.

The American embassy reports that the sultan is reluctant to place all governing power in the hands of the Istiqlal party despite his respect for its leaders and his recognition of the party's role in achieving independence.

[REDACTED]

[REDACTED]

Comment Istiqlal's effort to bring about a government crisis is an attempt to force the sultan to form an all-Istiqlal government, thereby forcing the Shoura out of the government and perhaps out of existence. Although an all-Istiqlal cabinet would strengthen the government, the sultan fears the strong republican tendency of the radical wing of the party.

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3. PAKISTANI-SOVIET TRADE AGREEMENT TO RUN FIVE YEARS

[REDACTED]

[REDACTED] The Pakistani-Soviet trade agreement concluded on 27 June 1956 is valid for five years, [REDACTED]

[REDACTED] The agreement also covers payments for any technical assistance which may be undertaken. [REDACTED]


Comment When the agreement was signed, Pakistani officials assured Western diplomats that they had resisted Soviet pressure for a comprehensive trade agreement, and that they had rejected Soviet technical assistance overtures. They also indicated that the trade pact was for one year only.

The Soviet Union has not yet attempted to follow up its offers of technical assistance nor have Pakistani-Soviet economic relations increased significantly. However, it is now apparent that Karachi made more concessions in the trade agreement than it has admitted.

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4. BRAZILIAN MILITARY THREATENS DISAPPROVAL OF BASE REQUESTS PENDING AGREEMENT ON DELIVERY OF US EQUIPMENT



The Brazilian army and air force are opposed to favorable consideration at this time of US requests for military bases and facilities, according to General Amarante, a Brazilian representative on the joint Brazil-US military commission. The Foreign Ministry has been awaiting the comments of the military before replying to Washington's requests for negotiations on sites for a missile-tracking facility, a communications center, and other facilities.

The immediate problem appears to stem from the "bitterness" of Air Minister Fleuiss over his inability to acquire needed aircraft, although both the Foreign Ministry and War Minister Lott have expressed concern over the sovereignty issue, which they fear will aggravate nationalist attacks on the United States as well as on the Brazilian government.

Bargaining for delivery of equipment through withholding approval of US base requests may be viewed as necessary by all of the armed forces, according to American embassy and military officials in Brazil. Some recent Brazilian requests for MDAP or reimbursable aid have apparently stemmed from a feeling that the government must be able to show the Brazilian public tangible benefits from any military arrangements with the United States. The air minister, however, has emphasized long-standing professional needs as well as the political restiveness of the Brazilian air force.

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5. LARGE CHINESE COMMUNIST CULTURAL GROUP
VISITING LATIN AMERICA

Comment on:



The attendance of Chilean president Ibanez and his cabinet at a performance on 20 August of the visiting Chinese Communist opera company may influence certain other Latin American governments to grant visas to the 80-member troupe. The group is scheduled to visit Uruguay shortly. No other Latin American government is known to have been approached by Peiping. Several have indicated they would not favor granting visas. In view of the action of the Chilean president, who is regarded in Latin America as strongly pro-US, some other countries may now be more willing to grant admission to the troupe.

The tour of this troupe is Peiping's first major cultural propaganda effort in Latin America, where no government has thus far recognized the Chinese Communist regime. 

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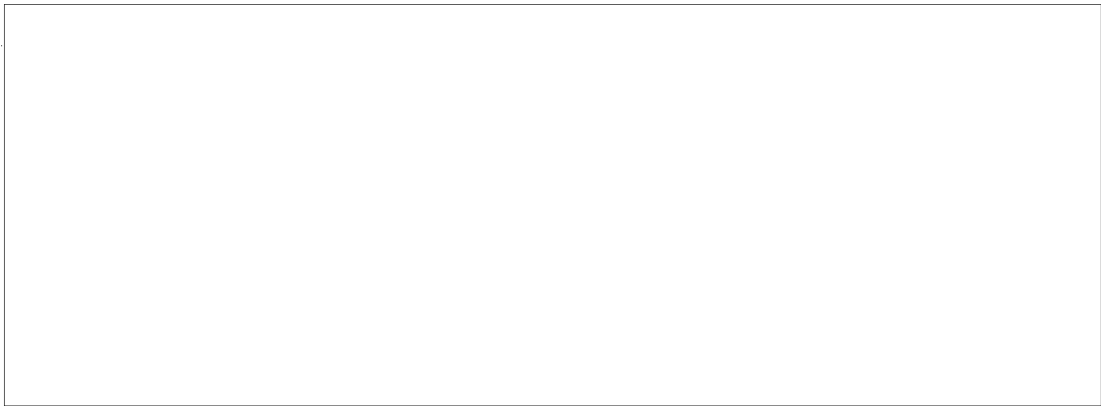
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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 22 August)



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**BIWEEKLY SUMMARY
(9-22 August 1955)**

THE TAIWAN STRAIT

**Report of the IAC Current Intelligence Group
for the Taiwan Strait Problem**

1. There were no significant developments in the area during the period.

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Current Intelligence Bulletin

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