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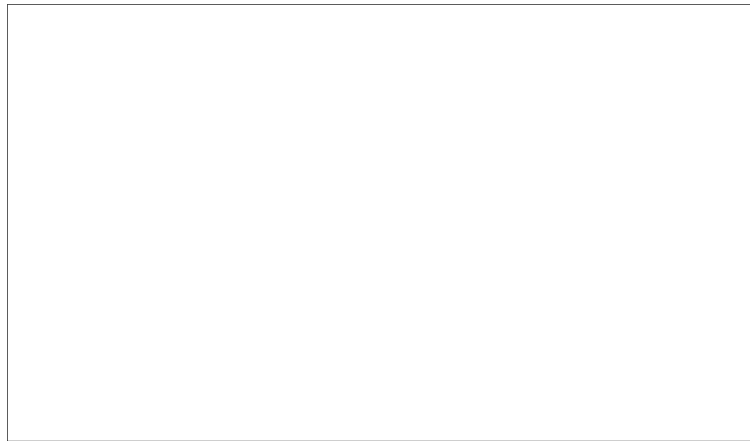
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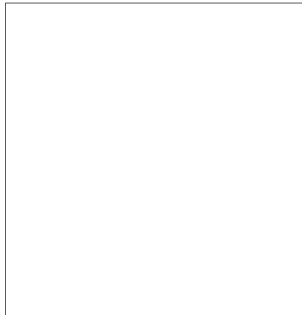


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1. DEATH OF PHILIPPINE PRESIDENT MAGSAYSAY

Comment on:



The death of President Ramon Magsaysay in an airplane crash on 17 March occurred as the Philippine election campaign was entering full swing and will probably lead to a period of instability. The cause of the crash is still undetermined, and government spokesmen have not discounted the possibility of sabotage.

Magsaysay's death is unlikely to result in major changes in Philippine domestic or foreign policies in the immediate future. The new president, Carlos Garcia, however, has neither the vigor nor the magnetism of Magsaysay. He is, moreover, a party politician amenable to the control of the Nacionalista Party's Old Guard, which has had little sympathy for Magsaysay's reform programs.

Magsaysay's death also makes the presidential election, which he was virtually certain of winning, a wide-open race. A number of ambitious politicians who have heretofore held back can now be expected to seek nominations, and the resultant maneuvering may well bring about a resurgence of the corruption and disturbances which characterized the 1949 elections. In addition, the armed forces and constabulary, which Magsaysay kept out of politics, may again become an instrument of the party in power. With public attention focused elsewhere, the Philippine Communist Party might gain a breathing spell to improve its political position. In this connection, there has been some sympathy for granting amnesty to Communists.

Philippine-American relations--particularly the suspended negotiations over American bases--are certain to assume importance in the campaign. The chief critic of

American policies, Senator Claro Recto, had already entered the race against Magsaysay. In addition to carrying on his criticism of American policies toward the Philippines, he may also press for a more neutralist foreign policy and for developing relations with the Communist bloc. Other candidates may also feel compelled to question some aspects of Philippine-American relations as an earnest of their nationalistic fervor. Among the numerous possible candidates, however, none is pro-Communist and all have at some time or other admitted the need for close ties with the United States.

2. THE GAZA SITUATION

Comment on:

Israeli foreign minister Meir told the American ambassador in Israel on 15 March that events appear to be heading rapidly toward the situation which existed before the Israeli invasion of Sinai and that "results may be of a character none of us wants." She further intimated that Israel was displeased that Hammarskjold was going to Cairo, since "no good" had come from his previous meetings with Nasr and that Israel places no faith in the UN or its secretary general. She emphatically reiterated that Israel would not permit the stationing of United Nations forces on both sides of the Gaza armistice lines.

The new Egyptian administration in Gaza has begun putting the squeeze on the United Nations forces there. Under Egyptian pressure, the UN command has turned over its temporary headquarters to the Egyptian administrator, General Latif. UN spokesmen in Cairo have denied, however, that

the forces will evacuate Gaza and move to the armistice line within 48 hours, adding that there is "no time limit" for such a move. It is reported that Latif has suggested that UN headquarters be based in the El Auja demilitarized zone, which was occupied by Israeli military forces over a year ago despite United Nations protests.

Egyptian Frontier Corps military detachments have occupied two check points; Rafah, which is on the

Gaza border, but just inside Egypt, and Abu Zenima, a city on the Gulf of Suez and on the road to Sharm al-Shaikh. [redacted] the Egyptians are making no attempt to control entry into the strip, and that there has been a large influx from Egypt.

Britain has informed the United States it feels the UN should retain exclusive control of security in the Gaza strip for the "time being," i. e. , until there is a permanent settlement. Hammarskjold has said that Egypt, in the exercise of its rights, could reduce UN control in Gaza to practically nothing and that he can only use persuasion on Nasr. He is inclined to stage his talks with the Egyptian president so they will appear to be exploratory and give the impression he is not expecting to reach a final agreement.

The American army attaché in Tel Aviv on 15 March reported no unusual military activity but said the Israeli army has enough strength in place to re-occupy Gaza without difficulty.

3. THE GULF OF AQABA SITUATION

Comment on:

While Nasr is pressing for a reassertion of full Egyptian political and administrative control over the Gaza strip, Saudi Arabia appears to be carrying the main Arab burden on the Gulf of Aqaba question.

On 15 March Cairo radio announced that the Saudi government had declared it would not allow any rights to be established for Israel in the Gulf of Aqaba. The Saudi position is stated to be based on the contention that the waters of the gulf are under the sovereignty of the Arab riparian states. The Saudis also cited paragraph three, article ten, of the 1888 Constantinople Convention,

which states that the treaty provisions for international use of the Suez waterway do not cover the areas situated on the eastern coast of the Red Sea, site of the holiest places of Islam. The Saudis assert that the purpose of this provision was to ensure the safety of the Islamic countries, and to guarantee freedom of passage for ships bearing Moslem pilgrims through the Gulf of Aqaba. The announcement stated that Saudi Arabia would take all steps to defend its historical and legitimate rights in the gulf and to preserve the safety of its land and territorial water.

Following conversations with French officials in Paris, Israeli foreign minister Meir reaffirmed that Israel intended to use its "right" of passage. [redacted]

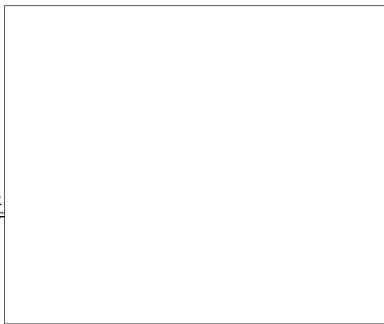
[redacted] Israeli military aircraft had again resumed low-altitude reconnaissance of Saudi positions along the eastern shore of the gulf. In December Israeli aircraft and armed launches reconnoitered

Saudi positions at the entrance to the gulf and exchanged fire with the ill-armed Saudis, who were instructed subsequently not to fire unless fired on.

Israeli plans to pass Israeli-flag merchant shipping through the gulf have not been revealed. An Italian and a Danish vessel, however, are expected to arrive at the Israeli port of Eilat on the gulf in the near future. Israeli officials have confirmed meanwhile that three "US-flag" oil tankers have been chartered for three years by agreement with a Swiss firm representing the American owners. The ships are to bring crude oil to Eilat from an undisclosed source on completion of the pipeline and storage facilities in early April. [redacted]

4. RIGHTIST MANEUVERINGS IN SYRIA

Comment on:



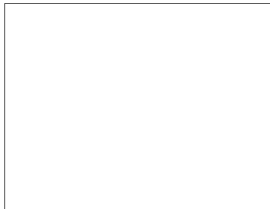
A rightist military group led by Colonel Nufuri, G-1 of the Syrian army, is apparently continuing its efforts to weaken leftist elements in the Syrian army. [redacted]

Colonel Sarraj, the Syrian strong man, has been removed from his position as head of army intelligence and ordered to a post abroad. Other leftist-inclined of-

ficers have been transferred to less influential positions. Rightist officers are reputed to have taken command of the all-important armored brigades and to be converging on Damascus.

If these reports are true, this action would be a heavy blow to the leftists, and severe counter-action could be expected. Sarraj has previously been ordered to posts outside the country but remained in Damascus. All other information from Damascus--such as the government's 17 March announcement that a contract had been signed with a Czechoslovak firm to build an oil refinery--indicates that Syria's leftward drift continues. [redacted]

**5. MOROCCANS INCREASING PRESSURE FOR AMERICAN
BASE NEGOTIATIONS**

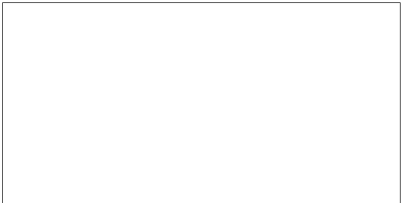


Morocco is increasing pressure designed to induce the United States to begin negotiating agreements governing American military bases. Rabat has tightened restrictions on private vehicles of American military personnel and has adopted a tough policy regarding the expansion of Voice of America facilities, insisting that no definite agreement can be negotiated, nor any expansion authorized, unless conversations begin on the military bases.

Comment

The reported exorbitant rental demand of the Moroccans and Paris' legal title to the bases are likely to complicate settlement of the issue. Morocco has opposed tripartite negotiations, and France opposes bipartite talks between the United States and Morocco.

6. COMMUNIST CHINA REFUSES TO SIGN BORDER AGREEMENT WITH BURMA

 Pleading the pressure of other engagements, Chou En-lai has refused to meet with Burmese premier U Nu during the latter's visit to South China and expressed regret at his inability to sign a border agreement at this time, as U Nu had requested. Chou gave as his reason the difficulties in persuading the border peoples to accept the Burmese proposals.

Comment

The Burmese are willing to settle the border dispute along the lines tentatively agreed to by U Nu and Chou En-lai last October. Chou's refusal to sign now will be a severe disappointment to the Burmese and in particular to U Nu, who would gain considerable personal credit from the finalization of the agreement.

Peiping's stand on the border issue may still be influenced by public reaction in Asia. The Burmese government initiated a publicity campaign last summer which brought strong pressure on Peiping to negotiate with Rangoon. The Chinese are somewhat apprehensive that Rangoon may revive this campaign.

7. YUGOSLAVS REPORTEDLY WILL NOT RECEIVE PROMISED SOVIET REACTOR

[REDACTED] The Yugoslav ambassador in Moscow has said that the promised Soviet reactor "will not be delivered" to Yugoslavia, [REDACTED]

[REDACTED] During an "exploratory" visit to Yugoslavia by the French high commissioner of atomic energy on 13 March, Yugoslavs at the plant designed for the Soviet reactor "as much as admitted" that further construction had been "stymied."

Comment

The USSR has shown its readiness to extend its ideological dispute with Belgrade into the economic sphere. Moscow last month "postponed" fulfilling its agreement to develop an aluminum plant in Yugoslavia and more recently has stepped up its criticism of the Yugoslav economy.

[REDACTED] Belgrade has admitted privately that negotiations with the USSR regarding the reactor provided for under a joint Yugoslav-Soviet agreement of January 1956 have been disappointing. On 8 March, however, the Yugoslavs announced that "no unforeseen difficulties" had appeared in nuclear reactor negotiations with the USSR and that talks were "developing normally."

Reportedly no Soviet equipment or material for the Yugoslav nuclear program has been delivered under the 1956 accord. The Yugoslavs have recently indicated a strong interest in reopening negotiations with the United States regarding nuclear assistance.

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8. USSR DISMANTLING INSTALLATIONS ON HABOMAI AND SHIKOTAN ISLANDS

[REDACTED]

[REDACTED] Soviet personnel on Habomai and Shikotan Islands, north of Japan, were observed during February and early March dismantling facilities and packing them for

shipment, [REDACTED] Soviet craft were also observed transporting crates from these islands to nearby Kunashiri. [REDACTED]

[REDACTED]

Comment

The Soviets could be preparing to withdraw from Habomai and Shikotan--neither of which has any strategic importance--as a gesture of good will toward the Japanese which would allow them to exploit the continued presence of American forces on the Bonin and Ryukyu Islands.

The USSR has agreed to return Habomai and Shikotan to Japan on conclusion of a Soviet-Japanese peace treaty. Japanese prime minister Kishi has publicly discounted prospects for opening peace treaty negotiations with the USSR this year, however, and has emphasized that such negotiations would depend on the prior settlement of such issues as Japanese nationals missing in the Soviet Union, fishery quotas and trade arrangements.