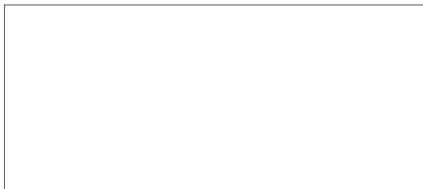


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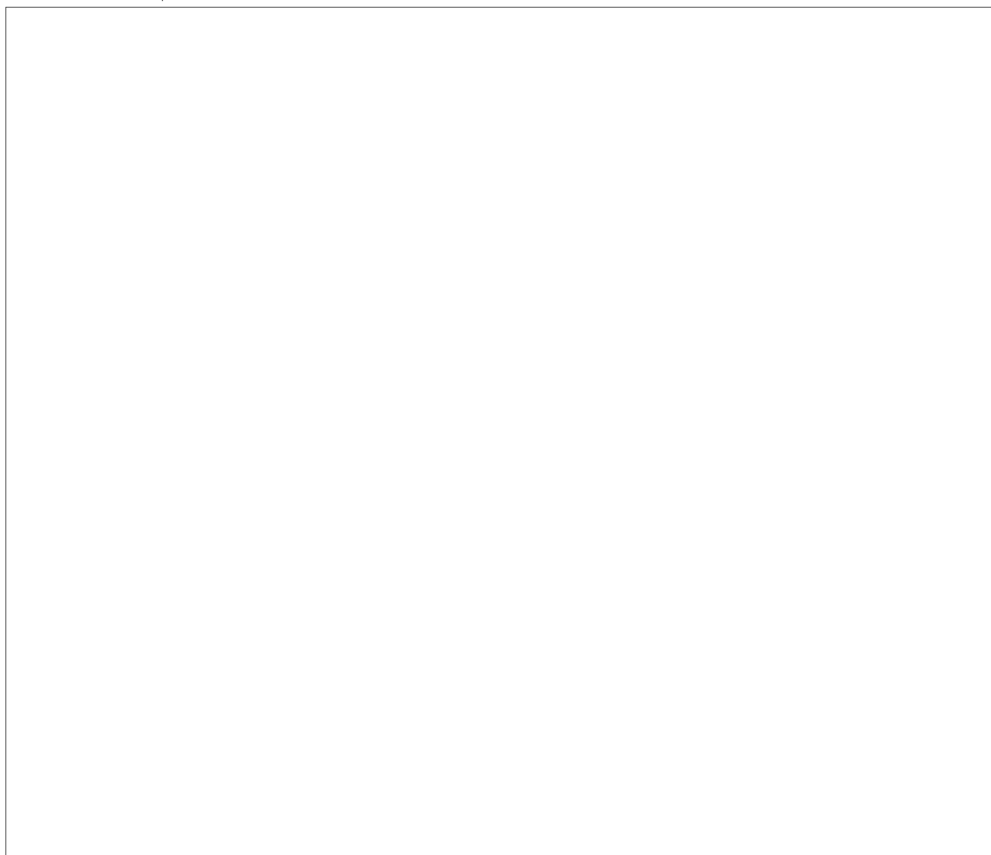


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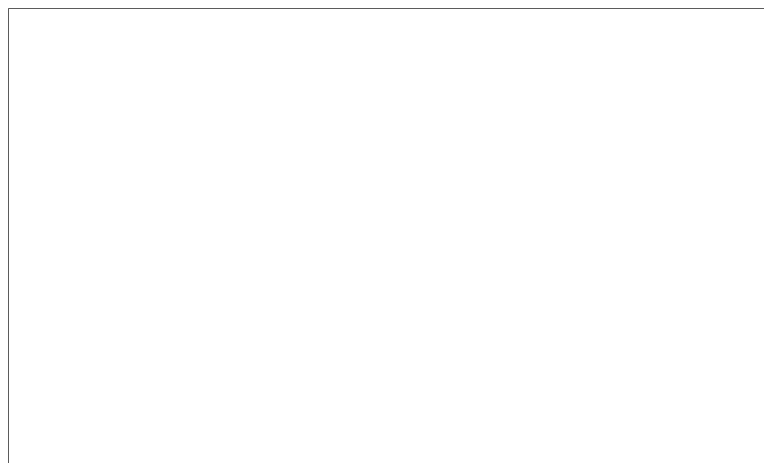
**CURRENT
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**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**



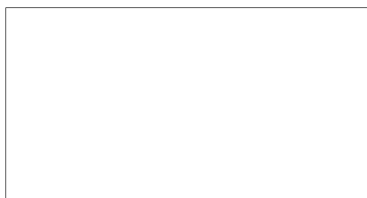
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CONTENTS

- CID* 1. THE ALGERIAN SITUATION [redacted] (page 3).
- 2. ATHENS MAY BE PREPARING GREEK PUBLIC FOR UN COMPROMISE RESOLUTION ON CYPRUS [redacted] (page 4).
- 3. ARABS CONTINUE ENCOURAGEMENT OF YEMEN [redacted] (page 5).
- CID* 4. BONN GIVES APPROVAL FOR TRADE DELEGATION TO COMMUNIST CHINA [redacted] (page 6).
- CID* 5. U NU INFLUENTIAL IN CONCLUDING EXTENSIVE BURMESE-SOVIET AID AGREEMENT [redacted] (page 7).
- CID* 6. ARGENTINE CABINET REORGANIZATION [redacted] (page 8).
- CID* 7. NICARAGUAN MILITARY REPORTEDLY PLANS COUP SOON [redacted] (page 9).

1. THE ALGERIAN SITUATION



General Quenard, French commander in the southern territories of Algeria, told the American consul general in Algiers recently that the Algerian National Liberation Front (FLN) hopes to assure UN intervention in Algeria by provoking the European settlers into retaliatory action in which thousands of Moslems will be killed. To this end, Quenard said, the FLN is planning to step-up indiscriminate killings in Algiers during the "insurrectionary" general strike scheduled to coincide with UN consideration of the Algerian problem.

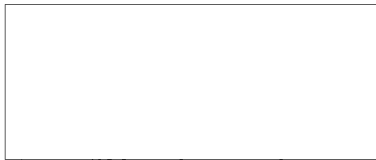
Quenard also said that rebel military groups numbering several thousand are forming in Morocco and Tunisia and that an attack across both frontiers would be co-ordinated with the strike. The goal would be the capture of the Algerian cities of Tlemcen and Tebessa near the borders of Morocco and Tunisia respectively.

Comment

This information supports other reports that the rebels intend to promote widespread violence throughout Algeria when the General Assembly's political committee takes up the Algerian item, probably this week. Any success the rebels achieve is likely to prolong and exacerbate the UN discussions and reduce prospects of terminating them without a French "walkout."

2. ATHENS MAY BE PREPARING GREEK PUBLIC FOR UN COMPROMISE RESOLUTION ON CYPRUS

Comment on:



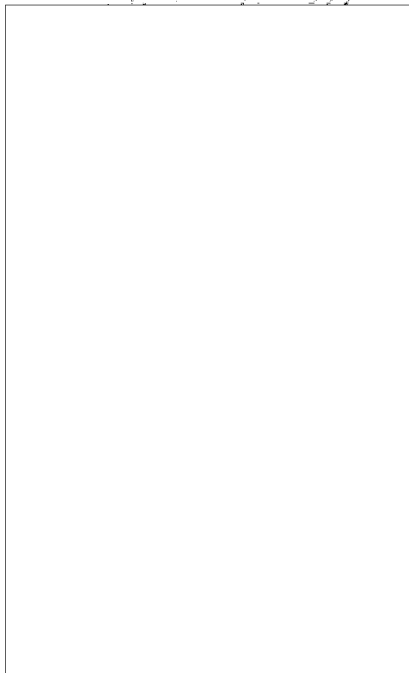
The Greek government appears to be initiating a campaign to prepare the Greek public for a UN compromise resolution on Cyprus. The Greek chargé in London told the American embassy on 24 January that, according to one of the British envoys who visited Archbishop Makarios in the Seychelles, the Cypriot leader "did not take exception" to the Radcliffe constitutional proposals and was prepared to denounce violence on Cyprus if released from captivity.

The Greek chargé in putting forth this version of Makarios' views is probably reflecting Athen's desire to create an atmosphere favorable to acceptance of a UN resolution creating a committee to investigate the Cyprus problem. Publicly, however, it cannot retreat from its demand for a resolution favoring self-determination and as of now a resolution creating an investigatory committee would be interpreted by the Greek public as a severe defeat. Widespread dissemination of reports that Makarios was ready to accept London's terms on Cyprus, however, might disarm the government's domestic opposition and enable the government to claim a victory in the UN.

~~TOP SECRET~~ [redacted]

3. ARABS CONTINUE ENCOURAGEMENT OF YEMEN

Comment on:



In response to an appeal from the imam of Yemen, Egyptian army officers and "their assistants" are being flown to Yemen to train troops, ac-

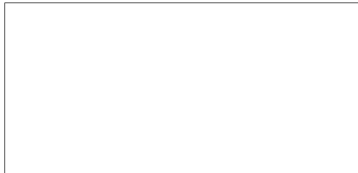
[redacted] Syria has promised to dispatch immediately officers and arms. King Hussain of Jordan has told the Yemeni minister to Egypt that "all of our facilities are at your disposal!" [redacted]

[redacted] Saudi Arabia has also sent military forces to help fight the British in Aden.

Various recent reports on volunteers for Yemen carry figures as high as 7,000. It is unlikely that large numbers have gone to Yemen in view of transportation problems, but a small number of Arab technicians and training officers have arrived.



4. BONN GIVES APPROVAL FOR TRADE DELEGATION TO COMMUNIST CHINA



The Bonn government has approved sending a West German trade delegation to Communist China to negotiate an exchange of goods agreement, according to the head of the semiofficial East-West trade committee. The delegation will consist of members of six or seven business firms. About \$56,000,000 worth of trade in each direction is anticipated. Bonn officials state that no embargoed goods will be included.

The American embassy in Bonn thinks the undertaking is inappropriate at this time, since it expects Moscow and Peiping to use it for propaganda purposes. While the West German Foreign Ministry supports this view in part, the embassy believes it would be difficult to press the government to reverse its approval.

Comment

Trade between West Germany and Communist China amounted to \$62,600,000 during the first nine months of 1956.

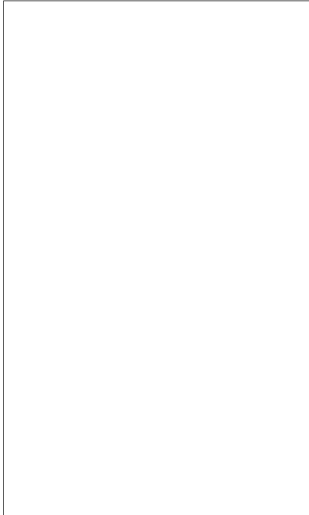
5. U NU INFLUENTIAL IN CONCLUDING EXTENSIVE BURMESE-SOVIET AID AGREEMENT

[REDACTED] Burma's agreement for a large-scale Soviet construction program reflects the influence of U Nu, who will soon return as prime minister, according to information reaching the American embassy in Rangoon. U Nu had promoted these projects, and Burmese negotiators were also pressed into signing the generally unfavorable accord by the "overpowering tactics" of the Soviet aid mission.

[REDACTED]
[REDACTED] Burma will pay the entire cost of the program, amounting perhaps to \$50,000,000. Earlier Burmese expectations had been that Burma would reciprocate for these "gifts" with only token payments of rice. Projects such as the sports stadium and theater included in the agreement will contribute little to Burmese economic development and may actually impede development progress by diverting limited Burmese resources and administrative and technical skills from more useful projects.

As a result of its long-term nature, which may require Burmese payment in rice and other products over a 20-year period, the contract will assure the continued economic presence of the USSR and will work against Burmese efforts to export its rice for cash.

6. ARGENTINE CABINET REORGANIZATION

Comment on:

President Pedro Aramburu requested the 10 civilian ministers to resign on 25 January to facilitate reorganization of the cabinet, in order to end cabinet feuding, and to help the provisional government play a more effective role until national elections are held within the next year. Since only ^(5 or 6) four resignations were accepted, however, the request seems aimed only at dropping the ministers of interior, foreign affairs, education and justice, and treasury. The labor ministry has been vacant.

Former treasury minister Blanco, whose policies have antagonized both the military and commerce ministers, was considered the main target of the reorganization. [redacted] the "current crisis" was precipitated by the air minister, whose plans to purchase new aircraft were frustrated by Blanco. The commerce minister, who was retained, had objected to Blanco's narrow, nationalistic views on economic policy, a criticism recently voiced by Aramburu without naming Blanco. Blanco's successor is his former deputy, an exponent of expanded and freer trade.

The cabinet changes seem favorable both to domestic policy and continued cordial relations with the United States. [redacted]

7. NICARAGUAN MILITARY REPORTEDLY PLANS
COUP SOON

[redacted] The Nicaraguan national guard, [redacted] is expected to take over the government by 3 February, the date set for national elections. [redacted] "the guard at all levels is sick of the greedy, unjust rule of the Somozas" and is willing to risk a coup.

Serious disagreements have been reported between President Luis Somoza and his brother, Colonel Anastasio Somoza, chief of the national guard, who is now viewed as the "real boss" of the government.

Comment

The national guard, the ultimate locus of political power in Nicaragua, lost its traditional source of unity and loyalty last September with the assassination of General Somoza, long-time dictator and father of the Somoza brothers. This is the first detailed report since then, however, of serious dissatisfaction within the guard and its readiness to assume direct control of the government.

Colonel Somoza has probably made many enemies in the guard by his arrogance and greed. If he is becoming the dominant figure in the government, guard officers will probably be strongly motivated to oust him and possibly his brother.