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- 1 MAR 1961
V 1071/10.

February 27, 1961.

I enclose 25 copies of notes on the Middle East for circulation to other Delegations to the meeting of Middle East Experts on March 8.

2. I shall send you copies of a note for our own delegates, I hope, tomorrow. This will of course not be for circulation.

3. I shall be coming over on the afternoon of March 7 and will get in touch with the delegation on arrival.

(P.V. O'Regan)

P. C. Petrie, Esq.,
PARIS.

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General

The Arab States

Since the last Report C-M(60)113 the internal quarrels between the Arab states have been to some extent smoothed over. The Arab Foreign Ministers' Conference was notable in that it took place in Baghdad for the first time since the Iraqi revolution and Tunisia was represented after a long absence. The Conference reaffirmed the Shtoura decision to stop press and radio war between member countries and this was immediately put into effect by a decision (partly broken since) to put an end to the war of words between the U.A.R. and Jordan. A discreet role was adopted by the U.A.R. Delegation. We do not therefore conclude that the U.A.R. has in any way decided to cede the dominant position she enjoys in Arab League affairs or that it has been weakened in any way. The reason for her moderation may be due to a desire to avoid disputes in the Middle East while U.A.R. policy concentrates on the Congo.

2. Tension between U.A.R. and Jordan following the murder of the Jordanian Prime Minister has now eased, but the underlying suspicion between Cairo and Amman remains and the situation could rapidly deteriorate if either side felt itself coming under direct or indirect pressure from the other.

3. The U.A.R.'s foreign policy has shown no great change in the period under review. It remains:

- (a) anti-Western in propaganda. There have been attacks on the United States culminating in the arrest of a United States Information official in Cairo, and on the United Kingdom for alleged collusion in another plot against Syria.
- (b) The campaign against Israel continues.
- (c) The U.A.R. continues to try to play a major role in Africa. The Casablanca Conference was successfully used in an attempt to swing the African states represented there behind the U.A.R.'s policies, including hostility to Israel.
- (d) Nevertheless, the U.A.R. does not wish to cut all her connexions with the West. The recent Notes on the Congo to the President of the U.S.A. and the British Prime Minister may be an effort to reinsure with the West. Soviet and U.A.R. policies in Africa have not been so much in harmony as in the previous period.

4. Iran remains a key point which needs all Western support possible. Unfortunately the re-aggravation of the Shatt-el-Arab dispute has offered a likely point for trouble.

5. The unexpected death of the King of Morocco has left the country in an uneasy political situation and his successor will have great difficulty in bridging and controlling the internal political disputes between parties.

CENTO

6. Normal progress in all fields continues, although there has been no CENTO Ministerial meeting since the last Report. CENTO continues to be the only effective defence organisation against Soviet infiltration in the Middle East.

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Soviet Tactics

7. The passages on Soviet policy in the Middle East in the last Report remain true. Although Soviet publications have attacked the U.A.R. for suppression of communism in quite bitter terms we do not consider that this indicates any change in U.A.R./Soviet relations. Progress on the Aswan Dam remains steady and there is no reason to expect any lessening in Soviet aid to the U.A.R.

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Oil

The Organisation of Petroleum Exporting Countries (O.P.E.C.) held its second Plenary Meeting in Caracas from January 16 - 21, at which the application of Qatar to join the founder members - Iran, Iraq, Kuwait, Saudi Arabia and Venezuela - was accepted. Its resolutions, published on February 15, are largely concerned with organisation and procedure. The choice of Geneva as its headquarters is presumably intended incidentally to lead to close contact with European consuming interests. Action by O.P.E.C. will, for the present, be confined to comprehensive studies of the oil industry. There is no evidence of positive progress on such questions as the restoration of the 1959 and 1960 crude price levels, or allocation of production through pro-rationing, though both ideas are expected to be studied. The conflicting interests of member-countries on the substance of these questions are hidden under an appearance of unanimity in the resolutions, which no doubt reflect the lowest common denominator of agreement.

The operations of O.P.E.C. to date do not constitute a clear threat to the security of Western European oil supplies; but the Organisation appears to be here to stay and its activities must remain under scrutiny.

The third Plenary Meeting of O.P.E.C. will open in Tehran on August 19.

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II Country Studies

United Arab Republic

Internal

Egypt

Internal conditions in Egypt continue to be stable and there is no real opposition to the régime. There has, however, been some loss of enthusiasm for its policies, particularly amongst the urban middle class. There are various reasons for this; the nationalisation of the press and the extension of State control in other fields; the privileged position of the Army; the loss of momentum in President Nasser's policies in the Arab world; and anxieties about increasing Soviet penetration (though the régime still remains firmly opposed to domestic Communism).

2. There have been further measures of nationalisation, directed particularly against Belgian-owned companies, allegedly on account of events in the Congo. There continues to be anxiety amongst the minorities and foreign communities about their future.

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U.A.R./ (Syria)

The principal change has been the recent introduction of exchange control. This in principle brings both regions into line with each other. The establishment of the control at this stage has presumably been prompted in part at least by the continuing flight of capital from the country. So far unification of the two currencies has not followed.

2. Despite official propaganda to the effect that this is a measure which will benefit the country's economy and lead to an improved standard of living for the people, it is a move which will clearly be unpopular, particularly among the merchant class who are already discontented. This additional stick with which to beat the Egyptians might prove particularly embarrassing at the moment when Syrian dissatisfaction with the Union seems to be steadily mounting. Stories have been circulating for some time that all is not well with the Union, but there are now indications that criticism of the Cairo-Damascus axis is more open and perhaps more identifiable. In spite of official denials it is generally believed that leading former Syrian politicians (e.g. Akram Hurani) have submitted a petition to President Nasser stating amongst other things that Cairo has not lived up to its agreement over the Union. Furthermore the Syrian Communist Party is also known to be calling for a radical revision of the Union with Egypt.

3. At the moment President Nasser is paying a visit to Syria to celebrate the third anniversary of the Union. Irrespective of any unpopularity of the authorities in Damascus and Cairo, President Nasser still enjoys considerable personal prestige in Syria. On this occasion he is taking care to justify the introduction of exchange control by attributing the blame for the country's poor economic situation to the machinations of imperialists and their agents in the area. The good rainfall reported this season may help the authorities by providing a good harvest and an end to the three year drought which has coincided with the existence of the Union.

4. Meanwhile Sarraj remains in full authority and still continues to serve Cairo's purpose in running the country and in receiving the full brunt of the Government's unpopularity. Field-Marshal Amer, who as far as is known has never officially relinquished his appointment as Nasser's Viceroy in Syria although he has been absent from the region since last summer, is at present accompanying President Nasser. It is not known if he will remain in Syria.

5. Despite the apparent increase in discontent we adhere to the view that Nasser will use any method to prevent the dissolution of the Union.

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Foreign Affairs

The U.A.R.'s main energies have been devoted to Africa. One reason for this may be her recent lack of success in expanding her influence in the Arab world. Others are her desire to counter the growing Israeli influence in Africa and President Nasser's ambitions as a leader of "anti-colonialism". This interest in Africa has been accompanied by greater circumspection, which is probably only temporary, in the U.A.R.'s policies in the Middle East. Her efforts, e.g. at Casablanca, to involve African countries in the Arab/Israel dispute do not improve the prospects of reaching an accommodation on it.

2. There has been no basic change in the régime's attitude as between East and West, though Soviet penetration of U.A.R. society continues and the Government has in recent months tended to adopt positions close to those of the Soviet bloc. Field-Marshal Amer has visited Moscow, evidently in search of more Soviet arms and economic co-operation. U.A.R. propaganda against the West has continued to be violent and has resulted in the severance of diplomatic relations between U.A.R. and Belgium. The U.A.R.'s policy on the Congo was for a time indistinguishable from that of the Soviet Union, but this was more probably the result of coincidence of interest than of Soviet pressure, and the U.A.R.'s "anti-Colonialist" stand must tend to bring her into conflict with the West in Africa. The régime has also leaned closer to the Soviet Union because of its belief that Israel is supported by the West, particularly with arms supplies, and its fear that Israel may be developing the capacity to make atomic weapons with Western assistance. President Nasser has said that he would go to any lengths to obtain atomic weapons if Israel got them, and clearly implied that this might involve aligning himself with the Soviet Union. These statements must be taken seriously.

3. On the other hand the U.A.R. line on the Congo has recently diverged significantly from that of the Soviet Union. It does not seem for example that the U.A.R. is following the U.S.S.R. in her attack on the U.N. Secretary-General. The U.A.R. has also shown some desire to improve contacts with the West. She continues to receive Western aid and has agreed on closer economic and technical cooperation with a number of countries outside the Soviet bloc and on an exchange of Ambassadors with the United Kingdom.

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Lebanon

Internal

The prestige of the Government is at present rather low. For some time there have been reports of friction within the Cabinet as well as predictions that the present unwieldy eighteen member Government would fall or be reshuffled and perhaps reduced in size. In addition to continued dissension within the Government, parliamentary opposition and public dissatisfaction have both increased and the Government have been exposed to widespread criticism and disorder. The Government's inability to proceed with its boasted development plans or even to use the substantial sums, estimated at about £Leb.200 million, allocated to specific projects last year has been vigorously deplored both inside and outside the Chamber of Deputies. Nonetheless the Prime Minister who has been seriously criticized by the former Premier Rashid Karame (the only serious rival for the Premiership) seems to be taking all this and the quarrelling amongst his Ministers in his stride. Although a change in Government at any time it seems unlikely at the moment that Karame could raise enough support in the Chamber to carry him back into power. Nor has the President given any overt indication that he would be glad of a new Prime Minister.

Foreign affairs

2. In foreign affairs the country continues to avoid adventures. In the Arab world the Lebanese try not to take sides in the various inter-Arab disputes and while careful to keep on good terms with the U.A.R. are quick to defend themselves against any criticism of their allegiance to Arab nationalism and unity.

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Jordan

Internal

Although the assassination of the Prime Minister last August did not touch off other incidents or any general unrest, the authorities were quick to take strict security precautions. Things are now more normal again. The trial and execution of four Jordanians in December closed the immediate chapter of the Majali murder. Most Jordanians soon tired of the continuing quarrel with the U.A.R. and there was general relief at the propaganda truce in early February.

2. Bahjat Talhouni, who succeeded Majali as Prime Minister in August, was widely expected to make way soon for another Prime Minister. However, he is still in office and his quiet relaxed attitude has helped to restore popular confidence. At the same time, King Hussein himself has tended to take a more active part in everyday affairs of state. Recent events have underlined not only the extent to which the régime depends on the King but also the dominant role of the Army. Preoccupation with foreign affairs has also served to emphasise the need for steady and unhesitating government at home. This now appears to be recognised at the top. It is to be hoped that the Government itself will give a strong lead to the country, thus reducing the King's exposed position as well as rallying the undoubted reserves of skill and enterprise in Jordan. There are welcome signs that the King has decided to introduce reforms in the Civil Service and in taxation - essential first steps in any "new policy".

3. Ample rains this winter (the best for four years) offer a good prospect on the economic front. Progress continues with major development schemes, though these are still dependent on finance from the West. The Jordanians are also beginning to show more interest in investing private capital in e.g. small-scale industry. One of the chief benefits of the recent accord with Iraq is the re-opening of the Iraqi market both to Jordanian agricultural producers and to Jordanian merchants using the much improved port of Aqaba.

Foreign Affairs

4. The uneven course of Jordan/U.A.R. relations has been covered in the General Section of this report (Arab States). For the rest, Jordan continues to take a vigorous anti-Communist line at home and in international circles. In the Arab world she is anxious to make friends where they can be found. The accord with Iraq has been well received by Jordanians. Relations with Iran remain friendly. An effort is being made to get on closer terms with Tunisia. Jordan is also trying to get on terms with some of the new African countries.

5. The future of Jordan remains precarious; but it can be said that any collapse of the Jordanian régime would endanger the stability of the whole area with unforeseeable consequences.

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Israel

Internal

A government crisis provoked by differences over the actions of Pinhas Lavon as Minister of Defence in 1954/55 culminated in the resignation of the Prime Minister, Ben-Gurion, in January 1961. followed closely by Lavon's resignation as head of the Histadrut (General Federation of Labour). Ben-Gurion's resignation was tantamount to the resignation of the whole Cabinet, but the government remains in office as a caretaker until either a new Government is formed or new elections have been held.

Foreign Affairs

Tension between Israel and the Arab States has not abated. The most important new factor was the announcement in December 1960 that Israel was building a 24MW nuclear reactor in the Negev desert.

3. H.M.G. have noted with serious concern the not unexpected sharp reactions of the Arab countries to the disclosure that a large nuclear installation has been under construction in secret near Beersheba. There is a serious danger that the Arab countries will choose to interpret this as the first move in a race to acquire nuclear weapons and will react in some way that may cause a further deterioration in the Middle East situation. The Israelis must accept responsibility for the suspicion and alarm they have aroused by camouflaging their activities until publicity forced them to admit something of what may be involved. There is no reason to expect that verbal assurances of peaceful intentions, such as have been given by the Israeli Government, will have any real effect on Arab opinion. It may still be possible to allay Arab concern and prevent the Arabs from taking dangerous counter-measures, but probably the minimum necessary action will be for the Israelis to throw open the complete installation to visits by foreign scientists or officials, and to accept international safeguards on any equipment that could be used to further military purposes, including the reactor announced by Mr. Ben Gurion.

4. This development, like Israel's relations with Cyprus and Iran, her efforts in Africa and her plans to divert the waters of the Jordan, formed the subject of a resolution adopted by the meeting of Arab League Foreign Ministers in February 1961.

5. There have been no changes in the direction of Israel's foreign policy, which continues to be decided by her constant preoccupation with the Arab threat, her dependence upon financial support from abroad, her attempts to establish wider contacts in Africa and South Asia and her desire for some association, especially in the economic field, with Western Europe. Israel's ambitions in Africa suffered a setback in January 1961, when the Casablanca Conference, attended by Ghana, Guinea and Mali as well as by Arab States, issued a communiqué which included a strong condemnation of Israel policy in Africa. This was certainly an unwelcome blow to the Israel Government, but there is no indication that it has persuaded them to change their policy.

6. Although Israel's economy continues to expand, the balance of payments figures for the whole of 1960 were less favourable than had been hoped. The trade gap, at over 509 million Israel pounds, was 14% higher than in 1959.

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Iraq

Internal

Recent months in Iraq have been uneventful, and Kassem's position seems to be a little stronger. While he personally has not taken any lead against the Communists, with whom many believe him to be sympathetic, he has apparently encouraged his officials to proceed more strongly against them, and this seems to have gone some way towards restoring his popularity with the Nationalists. While his régime generally therefore continues to be weak and poorly organised, and to depend entirely on his own survival, there seems to be slightly less discontent than there was six months ago, and so correspondingly greater chances of Kassem's continuing in power. While no practical progress towards the establishment of a representative government has been made, Kassem continues to talk vaguely about steps in this direction.

Foreign Affairs

2. Foreign affairs have been quiet, with the re-establishment of full diplomatic relations with Jordan, and some indications of a mending of fences with Nasser, shown principally by a subdued meeting of Arab League Foreign Ministers in Baghdad at the beginning of February. There have been no startling developments on the economic front.

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MEMORANDUM

NORTH ATLANTIC COUNCIL MEETING - THURSDAY, FEBRUARY 2, 1961.

DISCUSSION OF THE EXPERTS' REPORT ON THE MIDDLE EAST
(C-M(60)113) AND THE SECRETARIAT QUESTIONNAIRE
(PO/61/70)

V1071/23(60)
V1071/2
The discussion of the Middle East Experts' Report (CM(60)113), which the Council began on February 2, followed the order of the questions set out in the Secretariat Questionnaire PO/61/70. The discussion of these two papers will be resumed at the next meeting of the Council on Thursday, February 9.

Discussion of the Secretariat Questionnaire (PO/61/70)

1. Arab/Israel Dispute

2. M. Birgi (Turkey) said he agreed with the assessment of the general situation in the Secretariat paper, provided it was not interpreted too optimistically. He thought, however, that the passage of time made the Arab/Israel dispute less acute (he quoted a recent conversation between the Turkish Ambassador in Cairo and the Egyptian Minister of the Interior, M. Mohieddin). He did not consider that NATO consultation on the Middle East had hitherto done its utmost to harmonise attitudes, but pointed out that there were extenuating factors. He supported the retention of United Nations forces in the area. He also thought it would be useful for NATO to hold regular exchanges of views on arms deliveries in the area, and that this could best be done in a special NATO Committee on the Middle East.

3. Sir Paul Mason said that he welcomed NATO consultations on the Middle East in order that member countries should understand one another's policies and harmonise them as far as possible. He pointed out, however, that most of the problems in the area were the product of direct friction between

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between Israel and the Arab States and it would be inadvisable for NATO to appear to take up its own attitude, as an Organisation, to such problems - especially in view of the sensitivity of certain Arab States. On the Arab-Israel issue in particular, he suggested that individual countries could best help by maintaining a reasonable balance of armaments, by judicial counselling of restraint through diplomatic channels, and by the exclusion of Communist or other malicious influences from outside the area. It would be dangerous to give any impression of NATO planning of arms deliveries to the area, and it did not seem necessary to hold specific discussions in NATO on the subject. Finally Sir P. Mason said that we strongly supported the continuance of United Nations forces in the area, and would welcome any action by individual member countries that would contribute to this.

4. M. Pinna-Caboni (Italy) said that his Government had advised the United Arab Republic to conform to the United Nations Resolutions with regard to the Suez Canal, but saw justice in the United Arab Republic's reply that the Israeli Government should also conform to the Resolutions regarding refugees. He also considered the continuance of the United Nations forces essential. M. Pinna-Caboni welcomed fuller consultation in NATO, including discussion of arms deliveries. He noted with concern that Arab anti-Israeli sentiments frequently took the form of anti-Western behaviour.

5. M. Melas (Greece) said that his Government were reluctant to judge the relative merits of the Arab and Israeli cases, and in any case they had always believed in a symbolic Jewish State in Palestine. The main need was to /convince

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convince the Arab States that Israel had no expansionist aims. He supported the continuance of the United Nations forces, and continued NATO consultation, but had no views on discussion in NATO of arms deliveries as his country made none.

6. Mr. Ulstein (Norway) spoke of his Government's support for the United Nations forces.

II. 2, 3 and 4 (Jordan, United Arab Republic, Iraq).

7. M. Birgi said that the situation in Jordan, though precarious, was not as dangerous as some alarmist press reports suggested. He welcomed the idea of discreet assistance to Jordan by NATO members, but pointed out that in many forms this might be counter-productive. He thought that the West had no particular interest in improving relations between King Hussein and Nasser.

Similarly, he did not think that the union of Syria with Egypt was on balance in Western interests, since the vacuum which might result in Syria if the union broke up would not necessarily be filled by the Soviet Bloc. He thought that naive reactions such as illwill or resentment no longer played such a dominant part in Nasser's policies, which were those of a skilled politician. On Iraq he agreed that a "hands off" policy was probably the best.

United Kingdom Delegation to NATO,
Paris.

February 3, 1961.

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ISRAELI NUCLEAR DEVELOPMENT

Background information for the United Kingdom Delegation

We knew before the publicity that appeared last December (for which we were not responsible) that the Israelis had a large secret industrial complex under construction near Beer-sheba and that it was suspected of containing important nuclear installations. The subsequent disclosures by the Israel Government and the information we have obtained from them have revealed very little except that a nuclear reactor is being constructed, which would be capable of producing plutonium to support a very small military programme. The Israelis say this reactor will not be completed for two-three years. There is no way of telling what other equipment of potential military significance may be planned, or in the early stages of construction.

If we are to reduce the tension and alarm that has been created in the Middle East there seems to us little doubt that the remedy suggested ^{brief} in the ~~attached draft~~ is the least that may suffice. We do not think that this can best be achieved by attacking the Israelis in a public forum. Our present intention is to work out a course of action behind the scenes with the Americans. One of the difficulties is, of course, that the French are closely involved in assisting the Israelis to build the new installation. There are no published details of the extent of their help. Unfortunately the French connived at secrecy, though we believe that Monsieur Couve de Murville shares our desire to take measures to restore the situation. But we shall clearly have to proceed extremely carefully. Inside N.A.T.O.

/it should

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it should be our policy to make our views clear, but without embarrassing the French, and without hinting that we ourselves may want to take further action. We should like to know how the French and German members of the Working Group react, if they do, to the inclusion of a paragraph on the lines we have suggested. Our interest in the German reaction derives from the fact that the United Arab Republic have made approaches to the German Government to obtain a nuclear power reactor of comparable size.

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Arab/Israel Dispute

Western efforts to minimise danger of outbreaks

The risk is that too active an effort may provoke more trouble than it prevents. The following are some ways in which the West may, however, be able to help:

- (a) by maintaining a reasonable balance of armaments in order to obviate aggression from a position of either dominance or desperation;
- (b) by the judicious counselling of restraint through diplomatic channels;
- (c) by the exclusion of malicious (e.g. communist) influence from outside the area, which might otherwise provoke a conflict.

In addition to these, it is important that the Western powers should act in such a way that no country in the area feels itself so isolated for any reason that it is prompted to take up arms as a last resort.

2. Most Western countries are certainly conscious of these points and it does not seem likely that NATO as an organisation can hope to impress them more strongly or should try to do so.

The "harmonisation" of attitudes on important problems

3. There may be some room for informal exchange but most "important problems" in this context are the product of direct friction between Israel and the Arab States. It would be entirely wrong for NATO to appear to take up its own attitude, as an organisation, to such problems. The Arab States, especially the U.A.R., are already nervous of NATO and would react strongly, and possibly aggressively, to any suggestion that NATO was taking an active interest in the problems of Israel.

Support for United Nations Forces

4. There seems to be every reason why NATO powers should support the continuation of United Nations Forces in the area. Both the U.N.E.F. and the U.N.T.S.O. have done a good job and have unquestionably acted as a valuable deterrent to minor incidents. Again, however, any collective NATO stand on this issue, as opposed to stands by individual member States, seems likely to be counter-productive.

Final settlement of the Arab/Israel dispute

5. It is agreed that there is no prospect of such a settlement in the immediate future. Since it is impossible to forecast political conditions in the Middle East for more than a few months, and since the terms of any settlement must obviously depend upon the current political situation, there seems little point in any serious consultation within NATO. The field is already littered with plans and the addition of yet another would be both irrelevant and confusing.

/Arms deliveries

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Arms deliveries

6. We are opposed, at any rate at the moment to initiating additional informal exchanges within the framework of NATO on the specific subject of the supply of arms to the Middle East. The subject will inevitably arise in discussions of a general nature but it is important that there should be no suggestion of NATO planning. Despite all our efforts, the U.A.R. is convinced that the West persists in arming Israel against her. Any joint action by NATO will strengthen this belief and might well provoke Nasser to turn yet further to the Soviet bloc.

7. The arms supply problem in the Middle East is one of friction between countries in the area, and not between one of those countries and a NATO member. There is thus no parallel with the case of Indonesia.

General

8. In general, there is advantage in an exchange of views and factual information on the Arab/Israel dispute within NATO. But there is likely to be real danger in any suggestion that NATO, in its own right, is taking a hand in the game.

Aid to Jordan: concerted NATO action?

9. The disadvantage of any initiative in the Middle East with a NATO label has already been considered above. But in the case of Jordan, there is plenty of room for efforts by individual members of NATO. The survival of Jordan (to which the Council Report refers) is a general Western interest, for the conflict which would almost inevitably follow her collapse might spread far beyond Jordan's own frontiers and the Middle East itself.

10. Because Jordan has few natural resources of her own, is saddled with the largest share of Palestine refugees, and is cut off from her natural market - Israel - she is heavily dependent on foreign aid to keep going. In fact nearly two thirds of the Government's revenue at present comes from Her Majesty's Government and, to a greater extent, the United States Government. In addition, we and the Americans help on the development side with loans and technical assistance. It would be a very real help if other members of NATO with business or other connexions in Jordan were to take a share either in direct aid (grants or loans) or by providing technical assistance or at least by encouraging their firms to invest in Jordanian development schemes.

11. (Background - for the information of the United Kingdom Delegation only). The German Government have been under strong United States pressure, in which we have also joined, to provide budget aid to Jordan. So far they have refused to play, but it seems possible that they may be considering some other form of aid such as loans for development. Any remarks we make about encouraging NATO countries to take a share in aid to Jordan are mainly designed to add to the pressure on the German Government to relieve the Anglo-American burden. The Italians are the only other NATO country to whom the remarks might apply, but no bi-lateral approach has been made to them by us or, so far as we know, the Americans).

/Action

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Action by NATO countries to help Jordan/Iraq and Jordan/U.A.R. rapprochements.

12. For our part, we have been glad to see Jordan and Iraq getting on terms again, and we would certainly welcome an improvement in Jordan/U.A.R. relations. Good relations between these countries promote the peace of the area, which is our main interest. At the same time, our policy is to keep out of inter-Arab affairs, and our experience has been that to try and push things along in what seems to us the right direction is apt to be resented by the countries concerned and thus proves counter-productive. Therefore we suggest that members of NATO might take every reasonable opportunity to make it clear that they welcome any improvement in relations between these Arab countries, but that it would be better not to take any active steps or give the impression that NATO countries are wishing to mediate.

U.A.R.: The Union with Syria.

13. We are not sure that it is true that the union with Syria is now tolerated, if not supported, by the Soviet Union. There is evidence that Nasser is still having trouble with the Syrian communists, and recent communist publications have called for the break-up of the Union. We consider that it is on balance in the Western interest that the Union should be maintained. It was formed mainly to forestall the imminent possibility of a communist Syria. Secondly, any change of the status quo in the Middle East is likely to produce an explosive situation.

President Nasser and the Soviet Union.

14. We agree that in recent months Nasser has been leaning more heavily towards the Soviet Union in matters of military aid (Field-Marshal Amer has just visited Moscow) and in political support for major Soviet world policies. This is due principally to two factors. He was disappointed at one time by developments in the Congo and attributed this to Western manoeuvres. Secondly, he has become increasingly concerned about the supply of Western arms to Israel and fears that she may be developing the capacity to make atomic weapons with Western backing. (For the Delegation's information this concern results mainly from the supply by France of supersonic planes and French assistance in the nuclear field. But Nasser's suspicions attach to the West as a whole). In his speech at Port Said in December, he said that he would go to any lengths to obtain atomic weapons if Israel got them and implied that this might involve aligning himself with the Soviet Union. We think these statements must be taken seriously.

15. We agree that countries other than the major Powers, and not necessarily only NATO members, could usefully influence Nasser in matters of policy. We ourselves have agreed to exchange Ambassadors, which should enable us to put across our views to better effect. It would, however, be unfortunate if in our attempts to influence Nasser we gave the impression that NATO was ganging up for this purpose.

/Iraq

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Iraq

16. A hands-off policy is best. There is no sign of a more reliable alternative to Qasim emerging. The last question does not follow. We are not supporting Qasim qua Qasim or interfering in the Communist versus nationalist wrangles in Iraq. On the other hand it is in our and Western interests generally to keep good relations with Iraq and prevent her becoming dependent on the U.S.S.R.

17. (For the Delegation's own information oil negotiations are being resumed in February and prospects look reasonably bright for a settlement).

CENTO and Iran

18. NATO as NATO cannot do anything to strengthen CENTO. Any attempt would be counter-productive, but individual countries already are doing a good deal - viz. United States, United Kingdom, Germany - in trying to encourage investment as well as actual military and economic assistance. Elections are now in progress in Iran and the prospects for the régime are reasonably good.

Afghanistan

19. It would make no sense to try to interfere between Afghanistan and Pakistan: indeed for the United Kingdom to do so would have a bad effect since we believe Afghanistan to be almost wholly in the wrong on the Pakhtoonistan issue. The most we can hope for is to encourage the improvement of Afghanistan's relations with her non-Communist neighbours. The Prime Minister of Iran paid an encouraging visit recently. The Turks who have a Military Mission in Kabul have a potentially useful rôle to play. The prospects for trade between NATO countries and Afghanistan might be worth exploring.

Oil

20. Since December there have been no major developments affecting oil in general in the Middle East. A conference of OPEC took place as foreseen in Caracas, from January 16 to 22. The meeting was held in secret and the decisions will not be published until February 15. This suggests that some disagreement may have arisen. Qatar has joined the organisation as a sixth member. In December in Cairo the Arab League Economic Conference discussed the formation of an Arab tanker company. It is encouraging that in January the Ruler of Kuwait decided to sign a potentially valuable seabed concession with Shell on terms which do not breach the established fifty/fifty profit sharing principle.

21. We are not aware of any evidence justifying the conclusion that in the next few months posted prices for oil will be reduced again. We do not yet know how great an effect Soviet oil sales will have on prices. We think, however, that the Arab governments are becoming more conscious of the threat that Soviet oil exports present to Middle East oil. This is largely the result of statements from Soviet sources. Western utterances designed to highlight the Soviet oil trade would not carry conviction with Arab governments, and could well offer a chance for Soviet counter-propaganda. Silence is our best policy.

Soviet penetration.

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Soviet penetration.

22. So long as the Middle East remains reasonably quiet, and so long as the developing situation in Africa continues to hold out more attractive prospects, it is fairly safe to assume that Russian policy in the Middle East will continue along current lines. This does not mean of course that if there were some new developments in the Middle East which appeared to the Russians to threaten them or to offer them opportunities for exploitation, they would not act promptly. A study of such possible eventualities would be entirely hypothetical and on the whole we do not think the proposed study would be worth while. CENTO has no body of full time experts and has not yet managed to produce the "threat" paper which it has planned.

23. We should not ourselves take the lead in turning down the idea of a joint exercise with CENTO, but perhaps the Canadians or Danes would do it for us.

24. Although the Secretariat have not raised any points on Saudi-Arabia and Yemen, notes on recent developments in these two countries follow below.

Saudi Arabia (paragraphs 41-44 of the situation in the Middle East (C-M (60) 113).

25. These paragraphs have of course been outdated by the change of Government on December 21. As we have no Mission in Jeddah it would be preferable to let the Americans make the running on this subject (and indeed our own views depend largely on theirs) but you may wish to refer for background to our Guidance telegram No. 454 of December 23 (copy enclosed). Since that date the new Government have issued a policy statement to the effect that their foreign policy would continue to be based on "complete neutrality". Details of the 1960/61 budget broadcast on December 24, show that it does not in fact represent any striking departure from the pattern of Prince Faisal's previous budgets.

Yemen: (paragraphs 45-47 of the Report).

26. Though we do not want to make too much of it, it might be desirable (particularly out of courtesy to the Italians - see below) to mention in discussion the difficulties which we had with the Imam over Christmas at a time when Her Majesty's Chargé d'Affaires was in Aden for consultation (on which background is given for your own information in our telegram No. 457 Guidance of December 30 - copy enclosed). Thanks to the energetic action of the Italian Minister and, in his absence, the Italian Chargé d'Affaires, the immediate threat to Her Majesty's Legation appears to have been passed and relations are improving. The Yemeni Chargé d'Affaires left London on January 20 but there is no reason to suppose that this is intended by the Imam as a sign of displeasure with Her Majesty's Government.

/The Sudan

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The Sudan

27. The first sentence of paragraph 53 now needs some modification. Opposition to the régime from the Mahdi and the old politicians has recently come out into the open. The government seem to have decided to make no concessions (though there is perhaps some division of opinion within the Supreme Council). It is unlikely that the opposition can do anything very effective against the régime; but certainly the internal situation must now be called unsettled. Senior civil servants and other intellectuals are said to be disillusioned and dispirited.

28. Paragraph 57 also calls for comment. The government have recently been a little more forthcoming towards the Soviet Union. (See Foreign Office telegram No. 449 Guidance of December 23). We do not think any major change of policy is involved, but the government may have decided (possibly urged by Nasser) to emphasise their professed policy of neutrality in the cold war.

Libya

29. Though there has been no important new development since the paper was drafted, we feel on reflection that the section on Libya is slightly over-pessimistic. We think, too, that any new version should include a reference to the oil revenues which will begin to come in this year or next and should amount to more than \$60 million a year.