

20 June 1956

INTELLIGENCE NOTES



1. Brazil - Request for PL 480 Aid

President Kubitschek of Brazil has requested that the US consider immediately his request for 1,800,000 tons of PL 480 wheat over a period of three years. The Brazilian President said his government faces strong opposition to the US requirement that any new negotiations include a stipulated exchange rate. The previous PL 480 agreement did not set exchange rates. Kubitschek fears that his government will be severely criticized if it can not receive terms as favorable as those given the previous regime. (US Embassy Rio de Janeiro 1571, 18 June, Confidential)

2. Iceland - Economic Situation

US Embassy Reykjavik reports that Iceland's economic situation is progressively worsening. The Icelandic public is reportedly unaware of the urgent need for early remedial action. Difficulties requiring immediate attention are the lifting of British restrictions on Icelandic fish exports, the curbing of inflation, and the elimination of the foreign exchange deficit. An attractive trade offer by the USSR would further increase Iceland's growing economic dependence on the bloc. CIA comments that Iceland's cost-of-living index rose by 10 percent in 1955 and will probably increase during 1956 by an equal amount. Iceland's first quarter net foreign exchange deficit rose from \$300,000 in 1955 to \$9,700,000 in 1956.

3. USSR - Khrushchev and Tito Speeches

The 19 June celebration in Moscow's Dynamo Stadium, according to US Ambassador Bohlen, went very much as expected. Khrushchev laid heavy emphasis on the growing strength of socialism, the united front concept, and the struggle against colonialism in Afro-Asian countries. Tito emphasized that Yugoslav friendship with the USSR would not impair its friendship with Western countries, called for recognition of two Germanies, and praised the recent Soviet disarmament move. Bohlen noted that the applause, which was controlled by signals, was heavily weighted in Tito's favor. (US Embassy Moscow 2872, 19 June, Confidential)

4. Indonesia - USSR Loan Offer

The USSR has offered Indonesia a five-year loan for the purchase of industrial equipment. This offer is in conjunction with previous Soviet offers of technical assistance and the expansion of trade relations. The Indonesian Government reportedly is awaiting President Sukarno's return before deciding whether to accept the offer. However, authoritative sources believe the offer will be accepted and that trade (including rubber) with the USSR will be developed. (FBIS, 19-20 June, Official Use Only)

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5. Japan - Anti-bomb Group to Meet

The "second world meeting against atomic and hydrogen bombs" will begin in Nagasaki 9 August with participation by 1,770 representatives, including many from foreign countries, according to FEIS. (FBIS, Significant Foreign Radio Reportage, 18 June, Official Use Only)

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