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TEX
D - 9/4
April 21, 1960

EIGHTH CENTO MINISTERIAL COUNCIL SESSION

Executive Registry
60-2896

Tehran, April 28-30, 1960

U. S. Position on the Turkish-Iranian Railway Link

Position Paper

Anticipated Position of Foreign Governments:

1. Iran is not likely to raise this issue at the Ministerial meeting; however, it will probably approve the Report of the Economic Committee to the Council, which contains a Resolution on Communications and Public Works (EC/8/D18), incorporating recommendations to the Council of the "Rail link joining Mus-Tatvan-Qutur-Khuy-Tabriz (Turkey-Iran)."

2. Turkey also probably will approve the Economic Committee's Report with its Resolution on Communications and Public Works, and may raise the question of the status of the Turkish loan application to the Development Loan Fund for the portion of the rail link from Mus to Tatvan; in the latter case Turkey will express the very positive hope that there will be an early and favorable decision to make the requested loan.

3. If the issue is raised, the three regional member states and the United Kingdom may be expected to express hope that the United States will continue to explore actively the provision of funds, either on a grant or loan basis, for the completion of the entire project including the section between Qara Tepe and Van.

Recommended U.S. Position:

1. The United States has concluded an agreement with Iran for the provision of $1.9 million of the "Richards Mission Commitment" for use on engineering and construction of the Sharafkhaneh-Qara Tepe section. This is enabling the Iranian Government to proceed with that portion of the rail link without further delay and progress should be fairly rapid.

2. If it is necessary to comment in the Council meeting on the status of the Turkish loan application, the statement may be made that DLF is giving top priority to its consideration of the engineering report with a view to an early decision.

3. With

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STATE review(s) completed.
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3. With respect to financing the balance of the joint project for linking the railway systems of Turkey and Iran, as the United States has been and is giving top priority to the Turkish loan application for the Mus-Tatvan section, it is not prepared at this time to go further into the question of financing the balance of the project.

FYI. At the Ministerial Council meeting in Washington, October 7-9, 1959, the United States Observer (the Secretary), in replying to a query from the Iranian representative on this question, is recorded as having made the following statement:

> "The Chairman said that since the Delegate of Iran had brought this subject particularly to the attention of the United States Government, he thought that he might assure him, as he was pleased to assure his Prime Minister, that the loan application by Turkey and Iran was a matter that the United States Government had under very serious consideration although they could not as yet give a definite answer."

END FYI.

Discussion:

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Discussion:

During his visit to the Middle East in March of 1957, Ambassador Richards, the President's Special Envoy, offered Iran approximately $2 million for its portion of the proposed Turk-Iranian rail link. A survey of the route between Mus in Turkey and Tabriz in Iran was completed in 1958 by an ICA-engaged firm, DeLeuw-Cather of Chicago, following which its report was submitted to the member governments for study. The report, which was written prior to the revaluation of the Turkish lira, indicated technical feasibility. Economic feasibility was established if optimistic estimates of revenue were accepted, otherwise only marginal feasibility would be apparent. Thereupon, the Turkish and Iranian Governments, on U. S. suggestion, filed loan applications with the DLF, requesting a loan totaling approximately $84 million to cover the estimated foreign exchange costs of this project. These applications were subsequently scaled down to approximately $55 million.

Since the DLF staff questioned the DeLeuw-Cather finding of economic feasibility, especially in the light of revaluation of the Turkish lira, the firm of Coverdale-Colpitts of New York was asked to review the DeLeuw-Cather report and indicate its conclusions. After two months of work here in the United States, it presented its findings on June 1, 1959. It concluded that the traffic estimates of DeLeuw-Cather were somewhat high and that the economic feasibility of the over-all link was dubious.

In view of these conclusions, the Under Secretary decided, after consultation with interested agencies, that a DLF loan for the over-all link was not possible at that time. It was agreed instead that the economic feasibility of two segments (Mus-Tatvan in Turkey and Sharafkhanch-Qara Tepe in Iran) should be studied independently to determine the possibility of U. S. financial assistance for each. Thereafter, perhaps during fiscal year 1961, the possibility of aid for the central connecting segment--grant or loan--might be explored.

In examining available data the DLF felt that they were insufficient to allow a meaningful assessment of the economic feasibility of the above two segments. DLF therefore suggested that further survey of these segments be made. After discussions with the Turks and Iranians at the September 1959 Economic Committee session the Turks agreed to receive the survey team; the Iranians decided that such a survey would be unnecessary inasmuch as they maintained the $1.9 million of the Richards commitment, together with their own resources, would permit them to undertake the engineering and construction of the Sharafkhanch-Qara Tepe segment.

Two

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Two DeLeuw-Cather engineers were sent to Turkey to resurvey the Mus-Tatvan section. Their completed report was received by the DLF in February 1960. The DLF has made an initial review of this report, which forms the basis of the new Turkish loan application, and informal reports indicate that so far nothing derogatory has been found. In addition, there remain certain details related to the form of application and to the process of granting the loan which make it improbable that a DLF Board decision will be reached on the application prior to the Ministerial Council meeting.

Drafted by: NEA - Mr. Kennedy and NR - Mr. Walstrom	Cleared by: NR - Mr. Wright GTI - Mr. Hope ICA - Mr. Ferris DLF - Mr. Hutchinson C - Mr. Achilles
S/S-RO - Raymond L. Perkins, Room 5274 NS, Ext. 4445	

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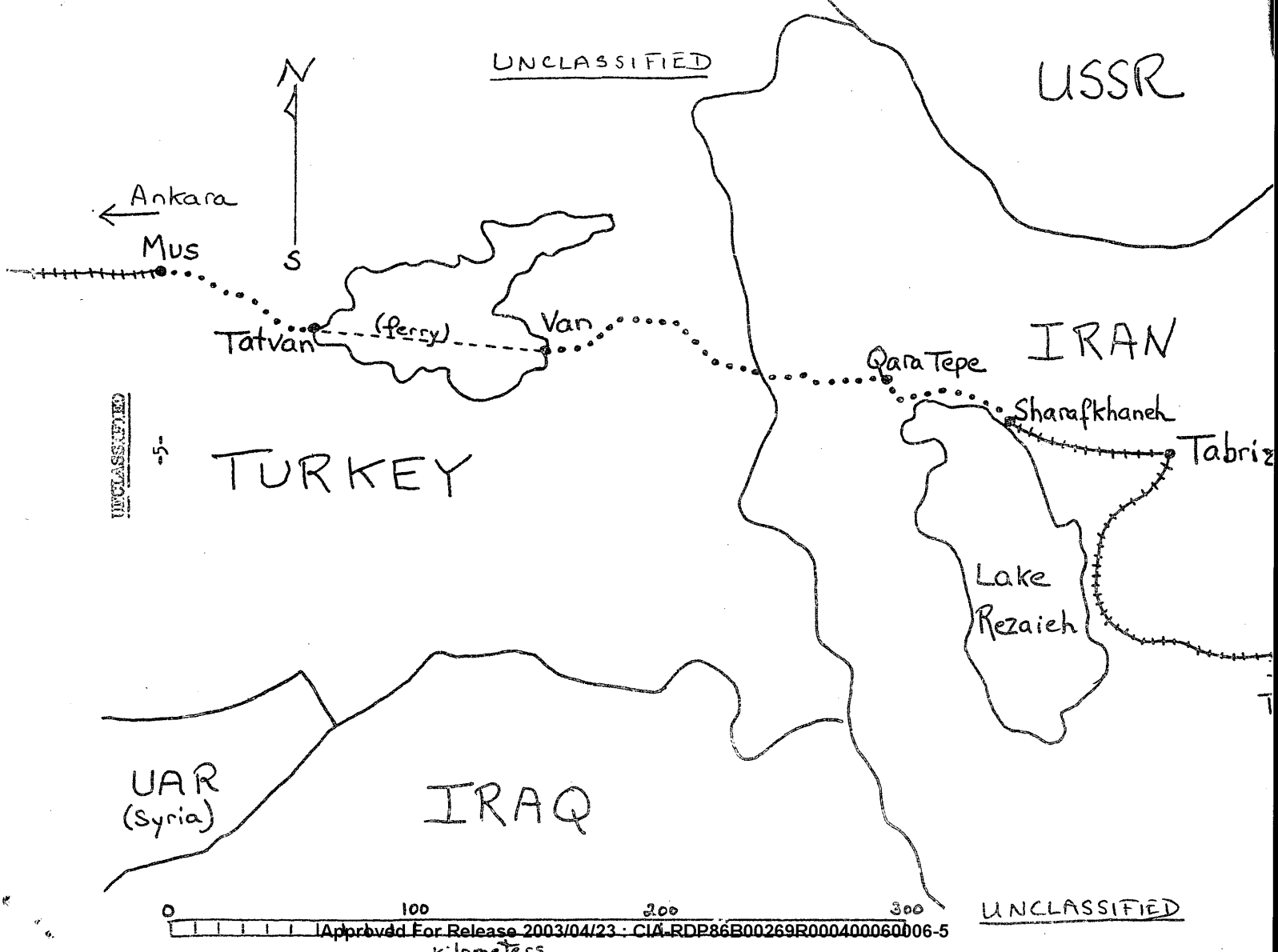

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TEH D-9/1
April 22, 1960

EIGHTH CENTO MINISTERIAL COUNCIL SESSION

Tehran, April 28-30, 1960

U. S. Views on the Report of the Economic Committee

Position Paper

Anticipated Position of Foreign Governments

1. The member governments may be expected to approve the Report of the Economic Committee, together with the Resolutions it recommends to the Council.

2. The regional member states may raise in connection with the Council's consideration of the Report one or more of the following specific issues:

(a) Use of microwave or tropospheric scatter in CENTO Telecommunications Project - (see position paper U. S. Position on CENTO Telecommunications Project)

(b) Turkish-Iranian Railway - (see position paper U. S. Position on Turkish-Iranian Railway Link), and

(c) Financing of Joint Projects - (see position paper U. S. Position on Financing of Joint Projects).

Recommended U. S. Position

1. The Report of the Economic Committee and the Resolutions it recommends to the Council are acceptable. In this connection the United States confirms the views expressed on the Report and its Resolutions by the U. S. Representative in the Eighth Meeting of the Economic Committee, as set forth in the Summary Records of that meeting.

2. The attached statement, which has been prepared in part to counter expressions of discouragement and dissatisfaction made by the regional members as regards progress in CENTO economic affairs and the provision of U. S. assistance, may be used during the Council's consideration of the Report of the Economic Committee.

Discussion

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Discussion

The work of the Economic Committee aims at promoting regional economic cooperation among the CENTO states to supplement their individual development programs. The slow progress achieved has been much criticized by the regional states, who feel this work should be supported more liberally by the United States and the United Kingdom. In the recent Economic Committee meeting, the regional states expressed considerable discouragement and dissatisfaction, particularly as regards the U. S. action in unilaterally reconsidering the joint agreement to use microwave in CENTO's telecommunications project, and as regards the problem of financing joint projects.

U. S. commitments to CENTO multilateral projects (1957 to the present) amount to $22.67 million exclusive of a modest sum for technical assistance. The United Kingdom is now contributing £ 850,000 per year to various aspects of the CENTO economic program. The total British commitment to date amounts to about $9 million. The regional states have tended to seek CENTO endorsement for projects which very often are (1) national in character, having little if any true regional significance; or (2) of a regional nature but with doubtful economic justification.

The work of the Economic Committee may be divided into four principal categories, viz:

1. Joint Development Projects

Eleven so-called "joint projects," i.e., projects providing benefits to more than one state, have now received Economic Committee endorsement in principle. Capital financing for these projects, however, has been very limited and progress in their implementation has been slow.

The status of the various approved projects is given below:

(a) Turk-Iran (Shivelan-Rezayeh) and Turk-Iraqi (Cizre-Zakho) Road Links

Ambassador Richards, when visiting the Middle East in March 1957 as the President's Special Envoy, offered the Government of Turkey approximately $2.2 million for the survey of these road links and the purchase of road-building equipment with which to begin construction work.

An ICA-engaged

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An ICA-engaged Bureau of Public Roads Survey Team submitted a report in early 1958 on these links and indicated total foreign exchange costs would approximate $35 million.

Of the total amount of United States-granted purchasing authority under the Richards commitment, $1,300,000 has been allocated to the Turkish portion of the Turk-Iranian road link; two-thirds of the equipment for this link has been received or is enroute, and the rest is on order. The remaining $800,000 has been made available in the form of equipment to the Turkish portion of the Turk-Iraqi road link.

No U. S. funding has been provided for the Iranian portion of the road link, but Iran has received part of the equipment offered by the United Kingdom under a technical assistance grant of £ 100,000. The Iraqi portion was discontinued as a CENTO project, following Iraq's withdrawal from the Baghdad Pact.

(b) Turk-Iran Railway Link

(See separate position paper U. S. Views on the Turkish-Iranian Railway Link.)

(c) Intra-Pact Capitals Telecommunications Project

(See separate position paper entitled, U. S. Views on CENTO Telecommunications Project.)

(d) London-Pact Capitals High Frequency Telecommunications Project

The United Kingdom has committed a total of £ 650,000 to assist in this project. Survey work has been completed and it is hoped that all the equipment needed for the first stage of this project will be shipped to the sites to enable operation of the system by September 1960.

(e) Rail Link Between Pakistan (Zahidan Junction) and Iran (Kashan)

Although the Annexes to Resolution EC/8/D18 indicate that the United States is considering provision of assistance to Iran for a survey of the Zahidan-Kerman section, no financing for either survey or engineering purposes is presently available and the project is likely to have low priority.

(f) Karachi-Lasbella-Quetta-Zahidan-Kerman (Pakistan-Iran) Road Link

No U. S. or U. K. funding is presently available for this project. The Government of Iran has indicated to the Committee on Public Works that

it requires

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it requires financial assistance amounting to $1 million for purchase of two complete units of mechanical equipment for improvement, maintenance and construction of this road.

The Government of Pakistan has estimated it requires $4,600,000 for foreign exchange costs of the Pakistani portion of this road link. Pakistan has also allocated $5 million in rupees to this project.

These estimates are undoubtedly far below the likely foreign exchange requirements.

(g) Karachi-Chahbahar-Khorramshahr (Pakistan-Iran) Coastal Road

The United Kingdom has agreed to provide Pakistan up to £ 200,000 worth of equipment for this road. Pakistan has requested an additional £ 1.1 million to bring the construction of this road up to CENTO standards. The United States has already stated that it is not in a position to provide financial assistance to this project.

(h) Cizre-Shivelan Road Link (within Turkey)

Accepted at the Ankara Economic Committee meeting, September 1-4, 1959. No financing presently available.

(i) Development of the Seaport of Trabzon (Turkey)

Accepted at the Ankara Economic Committee meeting, September 1-4, 1959. Estimated cost is $500,000. The United Kingdom has agreed to supply equipment worth £ 60,000.

(j) Development of the Seaport of Iskenderun (Turkey)

Accepted at the Ankara Economic Committee meeting, September 1-4, 1959. No funding available. Turkey estimates the cost to be $10 million.

(k) Civil Aviation Navigation Aids

U. S. civil aviation experts are examining this project but U. S. support will depend on: (1) willingness regional members make available local currency requirements; (2) appropriation of the funds requested ($2 million) in the FY 1961 MSP now before Congress; and (3) resolution of the practical difficulties of regional members providing enough local

skilled

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skilled personnel for both this project and the telecommunications network. The regional delegates to the Tehran Economic Committee meetings said their governments were prepared to provide local currency.

(1) Port of Ormara (not endorsed by the Economic Committee.)

In addition to the foregoing endorsed projects, Pakistan is energetically seeking Economic Committee endorsement of the Seaport of Ormara as a "joint project" and Iran is hopeful as regards a project for development of a Persian Gulf port as an alternative to Abadan.

2. Technical Assistance

Technical assistance under the aegis of CENTO consists of two forms:

(a) Bilateral Technical Assistance

This represents technical assistance funded by one of the participating states. The United Kingdom has been particularly effective in this field, and the U. S. record has become impressive since the establishment in Ankara of the Office of the U. S. Economic Coordinator for CENTO, which is delegated considerable discretion as regards the provision of this type of assistance. In addition to financing experts in the fields of trade, health and science, we are using bilateral technical assistance to sponsor informal meetings in the fields of minerals development, labor, education and organization, and economic development programing. This U. S. technical assistance has been well received.

(b) Multilateral Technical Cooperation Fund

This Fund is administered by CENTO's Secretary General, with the advice and guidance of a Working Party on Multilateral Technical Cooperation. The United States has contributed $50,000 to the Fund, the United Kingdom has provided the equivalent of $50,000 (in pounds sterling), and the three regional states have contributed together in equal shares in local currencies the equivalent of $50,000. Of this amount about $107,000 has been committed towards the implementation of 37 projects covering agriculture, education, health, economic development and transportation. These commitments are anticipated to rise to about $145,000 by June 30, 1960. The United States has indicated its willingness to contribute an additional $50,000 prior to June 30, 1960.

3. Improving Trade and Related Matters

There has been considerable discussion and some joint action among the CENTO partners aimed at improving trade among CENTO members, through

simplification

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simplification of customs formalities, easing of visa restrictions for visiting businessmen, standardization of road signs, standardization and marketing of common products, narcotics control, tourism, promotion of regional products in European and American markets, etc.

Turkey is attempting to negotiate associate membership in the European Common Market and has requested the understanding of Iran and Pakistan. Turkey expressed a negative reaction to Pakistan's desires for exploration of the establishment of a CENTO Free Trade Area. Iran and Pakistan have expressed concern over the possible effects on their trade of Turkish association with the Economic Common Market and have requested close consultation.

4. Atomic and Other Scientific Development

The British-sponsored CENTO Institute of Nuclear Science has been moved from Baghdad to Tehran, where it conducts training for teachers as well as experimentation in the sphere of peaceful uses of atomic energy. The United States does not participate in this Institute and prefers to conduct its atomic energy programs with the regional states on a bilateral basis.

CENTO has also shown considerable interest in stimulating scientific cooperation among the member states. The United Kingdom has provided a scientific fund of £ 10,000 for use to permit scientific exchanges. The United States strongly favors the broader exchange of general scientific data among CENTO members and, with this in mind, has on all occasions accepted Scientific Council invitations to send an observer to its sessions.

Drafted by:	Cleared by:	
NE - Mr. Bennsky	NR - Mr. Walstrom	ED - Mr. Meyer
	- Mr. Gannett	ICA - Mr. Ferris
	NEA - Mr. Kennedy	C - Mr. Achilles
S/S-RO - Raymond L. Perkins, Room 5274 NS, Ext. 4445		

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ATTACHMENT

Statement

Report of the Economic Committee

The Economic Committee Report and recommendations contained therein have been examined with care and we are pleased to give our concurrence. I am sure that the member governments have likewise studied the Report and have noted the views expressed by the several representatives present in the Committee including those put forward by the United States representative.

The Committee is to be congratulated on its consistently constructive role in developing joint approaches to regional problems and in fostering cooperative effort in the economic development of the region. The Committee clearly recognizes that the complex problems with which it is concerned require time and patience to work out and that difficulties which may arise between the members are negligible when compared with the devotion they have shown to the objectives of CENTO. The United States Delegation is also impressed with the scope and vigor of the economic cooperation that has been fostered under the aegis of CENTO. It is heartening to witness such progress, especially when we recall how very few years have passed since the Economic Committee was established. The United States is pleased to continue to cooperate with the other members in this worthy joint endeavor.

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regards and those of the people of the United States. You may be assured that the American people will view these deliberations with keen interest. We are confident that they will prove fruitful and will be crowned with success. I look forward to receiving directly from Secretary of State Herter an account of the CENTO Ministerial Council session upon his return.]

We meet today on the eve of the forthcoming Summit Conference. My Government's willingness to meet with the Soviet leaders at the high level of Chief of State is prompted by its unswerving quest for peace. President Eisenhower has said that he would go anywhere, any time to further the cause of peace. But, to be meaningful, peace must have justice and human dignity as its cornerstones. Only then can mankind devote its God-given and magnificent creative talents to those constructive pursuits which will benefit all humanity.

It is altogether fitting that CENTO--which, along with its sister regional collective security organizations in other parts of the world, is firmly devoted to peace--should concern itself with this matter. For peace is indivisible, and our meeting here today reflects our peoples' earnest desire to achieve it. Unlike the Communist satellite system of dictation and bondage, the Free World community consists of sovereign states and independent peoples. They mutually respect each other, even where they occasionally differ, and it is the free interchange of ideas among them that bridges such differences as may exist. My delegation, on its

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Please substitute the attached first page in the Position Paper entitled "U.S. Position on Financing of Joint Economic Projects", which was erroneously issued as TEH D-9/1 on April 22, 1960, for the Eighth CENTO Ministerial Council Session in Tehran, April 28-30, 1960. Only the number has been corrected.

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April 22, 1960

EIGHTH CENTO MINISTERIAL COUNCIL SESSION

Tehran, April 28-30, 1960

U.S. Position on Financing of Joint Economic Projects

Position Paper

Anticipated Position of Foreign Governments:

1. The regional members may be expected to request all participating governments, and specifically the United States, to review their positions concerning the provision of assistance needed to execute engineering and economic surveys and the construction of joint economic projects, in order to achieve a balanced rate of progress in the over-all implementation of CENTO projects. (This is the substance of the Resolution on Financing of Joint Projects -- EC/8/D16, Final.)

2. The regional members may express dissatisfaction with the slow progress in finding necessary financial support for joint projects already under way as well as for approved joint projects on which action has not yet begun for lack of financing. In this connection they are also likely to stress the political importance to them of financial support for these projects.

3. The United Kingdom is expected to approve the Resolution on Financing of Joint Projects. While concurring with the regional members view that the financing of CENTO joint projects presents many problems, the United Kingdom will probably point out that, for the foreseeable future, it will be unable to increase the level of its present financial assistance (approximately £ 850,000 per year devoted primarily to technical assistance).

4. Any one of the regional members may propose the creation of a special fund for financing of CENTO projects; the United Kingdom probably would not agree to such a proposal.

Recommended U.S. Position:

If this subject is raised the Secretary may wish to state:

1. The United States supports adoption of the Resolution on Financing of Joint Projects. In doing so it notes that (a) the United States considers its bilateral economic aid programs as its principal channels for assistance to the regional member states; (b) the United States has demonstrated that it favors sound CENTO economic activities having a regional character, by its substantial contributions to CENTO multilateral projects; (c) it is the policy

of the United States

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Please insert the attached revised page 2 in TEH D-0/1 (Annotated Agenda) issued on April 21, 1960, for the Eighth CENTO Ministerial Council Session in Tehran, April 28-30, 1960.

V. Report of the Secretary General - Closed

Council Action: The Report will be noted. The Secretary General may seek specific endorsement of the Report or, alternatively, seek discussion by the Council of it in substance.

U. S. Position: The Secretary should take note of the Report, commend the Secretary General for his frank, forthright and encouraging account of CENTO's affairs during the past six months, and state the United States will bear in mind his specific comments.

Document: U. S. Views on the Report of the Secretary General (D-5/1)

VI. Report of the Military Committee - Closed (possibly Restricted)

Council Action: The Council will have before it the Report of the Military Committee indicating in general terms CENTO military progress made to date. In addition to discussing a CENTO Command Structure, regional members may raise during consideration of the Report a CENTO planning document entitled "Basic Assumptions for Global War," CENTO liaison with NATO and SEATO, the International Budget for CENTO's Combined Military Planning Staff (CMPS), CENTO military contingency planning covering Afghanistan and Iraq, and their desires for increased U.S. military assistance.

U. S. Position: The Secretary should indicate that the Report is agreeable. He should state the following positions if the issues they concern are raised by others: (1) The U. S. opposes the creation of a CENTO Command Structure now or in the immediate future for political reasons but believes that the PMDG and CMPS should be encouraged to proceed under the guidance of the Military Committee with perfecting contingency plans for such a Structure, to

be available

Revised Page 2
April 23, 1960

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The attached is a second revision of page 4 to D-6/1 - US Views on Report of the Military Committee. It replaces an earlier revision dated April 21, 1960.

(d) Infrastructure

(i) We do not favor the establishment of a CENTO "common infrastructure" program, which would have to be financed largely by the United States. We have agreed, however, to a CENTO Infrastructure Coordinating Committee to develop common standards. We also agree that the CMPS might usefully make a study of existing and required facilities.

Discussion:

D-6/1
Revised page 4 (second revision)
April 22, 1960

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Please substitute the attached page 3 in TTH D-2/1 (Draft of Opening Public Remarks of the Secretary) issued on April 22, 1960, for the Eighth CENTO Ministerial Council Session in Tehran, April 28-30, 1960.

on its part, expects to share with other CENTO partners, freely and frankly, our own assessment of the problems of peace and the Summit. The United States is under no illusion that the path to peace is an easy one. It will proceed with all caution in order to probe the sincerity of the Soviet Union's protestations. It will fully bear in mind the interests of its friends and allies.

The forthcoming Summit Conference in no way diminishes the need for collective security arrangements such as CENTO. Indeed, the apparent Soviet willingness to discuss the issues of peace is in part the measure of CENTO's and its sister collective security organizations' success in creating a deterrent force. My Government's strong support of CENTO will continue. We are deeply conscious of the useful work that has already been undertaken and are confident that other important results will be achieved. To do so, however, all of us will have to keep our shoulders to the wheel. My Government is proud of the contributions which United States programs of economic and military aid, as well as technical assistance, extended both bilaterally and through CENTO programs, have made to strengthening the states here assembled. Today CENTO is a strong organization with a thoroughly competent Secretariat under the energetic direction of the able Secretary General. Its several committees and their subsidiary bodies meet regularly, with purpose and efficiency. To be sure, not all of its activities flow forward at a uniform rate of progress. While some move ahead rapidly, others may appear momentarily to mark time before again

gaining

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EIGHTH CENTO MINISTERIAL COUNCIL SESSION

Tehran, April 28-30, 1960

TEH D-2/1

April 22, 1960

Draft of Opening Public Remarks of the Secretary

Mr. Chairman, Your Excellencies, Distinguished Guests:

On behalf of the United States Observer Delegation, I thank you for your warm welcome to Tehran. The gracious hospitality of the Government and people of Iran is proverbial, and once again we are its fortunate beneficiaries. We deeply appreciate the many courtesies and kind consideration shown us by our host, the Government of Iran, and the arrangements which have been made to receive this eighth gathering of the CENTO Ministerial Council. I am personally gratified at this opportunity to continue my association with CENTO and to renew valued friendships with the distinguished delegates assembled here today.

Since we last met in Washington, President Eisenhower has visited Iran, Pakistan and Turkey. He has charged me with conveying to you his deep appreciation of the warm welcome and hospitality extended during his visits. He also asked that I convey to you today the greetings and warm wishes of the Government and the people of the United States.

Suggested addition as follows:

/I have just received a message from the President which he has asked me to read to the Council:

To the distinguished delegations assembled in Tehran for the Eighth Session of the CENTO Ministerial Council I send my warm regards

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regards and those of the people of the United States. You may be assured that the American people will view these deliberations with keen interest. We are confident that they will prove fruitful and will be crowned with success. I have asked Secretary of State Herter to report personally to me on the CENTO Ministerial Council session immediately after his return.]

We meet today in the shadow of the forthcoming Summit Conference. My Government's willingness to meet with the Soviet leaders at the high level of Chief of State is prompted by its unswerving quest for peace. President Eisenhower has said that he would go anywhere, any time to further the cause of peace. But, to be meaningful, peace must have justice and human dignity as its cornerstones. Only then can mankind devote its God-given and magnificent creative talents to those constructive pursuits which will benefit all humanity.

It is altogether fitting that CENTO--which, along with its sister regional collective security organizations in other parts of the world, is firmly devoted to peace--should concern itself with this matter. For peace is indivisible, and our meeting here today reflects our peoples' earnest desire to achieve it. Unlike the Communist satellite system of dictation and bondage, the Free World community consists of sovereign states and independent peoples. They mutually respect each other, even where they occasionally differ, and it is the free interchange of ideas among them that bridges such differences as may exist. My delegation,

on its

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The forthcoming Summit Conference in no way diminishes the need for collective security arrangements such as CENTO. Indeed, the apparent Soviet willingness to discuss the issues of peace is in part the measure of CENTO's and its sister collective security organizations' success in creating a deterrent force. My Government's strong support of CENTO will continue. We are deeply conscious of the useful work that has already been undertaken and are confident that other important results will be achieved. To do so, however, all of us will have to keep our shoulders to the wheel. My Government is proud of the contributions which United States programs of economic and military aid, as well as technical assistance, extended both bilaterally and through CENTO programs, have made to strengthening the states here assembled. Today CENTO is a strong organization with a thoroughly competent Secretariat under the energetic direction of the able Secretary General. Its several committees and their subsidiary bodies meet regularly, with purpose and efficiency. To be sure, not all of its activities flow forward at a uniform rate of progress. While some move ahead rapidly, others may appear momentarily to mark time before again

gaining

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gaining momentum. I am confident CENTO's next five years, like the first five years of its existence, will show important advances.

Gentlemen:

The United States Observer Delegation looks forward to participating in what it is confident will be a fruitful meeting.

Drafted by:	Cleared by:
NEA/NR - Mr. Gannett/Eilts	C - Mr. Achilles P - Mr. Berding NEA - Mr. Hart SOV - Mr. McSweeney
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EIGHTH CENTO MINISTERIAL COUNCIL SESSION

Tehran, April 28-30, 1960

U.S. Position on Financing of Joint Economic Projects

Position Paper

Anticipated Position of Foreign Governments:

1. The regional members may be expected to request all participating governments, and specifically the United States, to review their positions concerning the provision of assistance needed to execute engineering and economic surveys and the construction of joint economic projects, in order to achieve a balanced rate of progress in the over-all implementation of CENTO projects. (This is the substance of the Resolution on Financing of Joint Projects -- EC/8/D16, Final.)

2. The regional members may express dissatisfaction with the slow progress in finding necessary financial support for joint projects already under way as well as for approved joint projects on which action has not yet begun for lack of financing. In this connection they are also likely to stress the political importance to them of financial support for these projects.

3. The United Kingdom is expected to approve the Resolution on Financing of Joint Projects. While concurring with the regional members view that the financing of CENTO joint projects presents many problems, the United Kingdom will probably point out that, for the foreseeable future, it will be unable to increase the level of its present financial assistance (approximately £ 850,000 per year devoted primarily to technical assistance).

4. Any one of the regional members may propose the creation of a special fund for financing of CENTO projects; the United Kingdom probably would not agree to such a proposal.

Recommended U.S. Position:

If this subject is raised the Secretary may wish to state:

1. The United States supports adoption of the Resolution on Financing of Joint Projects. In doing so it notes that (a) the United States considers its bilateral economic aid programs as its principal channels for assistance to the regional member states; (b) the United States has demonstrated that it favors sound CENTO economic activities having a regional character, by its substantial contributions to CENTO multilateral projects; (c) it is the policy

of the United States

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of the United States, in regard to development projects, to concentrate its assistance throughout the world increasingly on a loan basis; the attention of the regional members is invited again to the Development Loan Fund as a possible U.S. source for financing economically sound and technically feasible CENTO projects.

2. If a proposal is made to arrange for a group of financial experts to study the problem, we should suggest that such a proposal be submitted in detail in the form of a memorandum to the CENTO Secretariat for subsequent circulation and study.

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Discussion:

All CENTO projects are outside of the national development schemes which already place heavy demands on the regional members' resources. Naturally this presents many problems in financing. However, it is in the interest of the regional members to decide on the most economic allocation of their scant resources and to determine whether they wish to put these assets into joint CENTO projects or into others which they believe have a higher priority in terms of national requirements. In some cases the regional states have sought CENTO endorsement for projects which appear to be (1) primarily national in character; or (2) of a regional nature but with little economic justification.

The United States views the advancement of the regional concept as an important feature of all of CENTO's activities. This is particularly true in the economic sphere if sound regional projects are found which also assist in furthering the urgent national requirements for economic development. In support of this, the United States has committed (1957 to present) an amount of $22.67 million to CENTO multilateral projects, exclusive of a modest technical assistance program. U.S. bilateral economic aid to regional states continues to be of large magnitude, amounting to approximately $511.9 million for FY 1958/59 and approximately $306.3 million to date during FY 1959/60.

The Regional Members are becoming increasingly upset and discouraged over the problem of finding financing for joint projects already agreed to at previous meetings of the Ministerial Council. They point out that while these joint projects are of great importance to the economic development of the region, they tend to present special financing problems in that they are frequently not "bankable" in a short run sense.

Drafted by: E/ED - Mr. Meyer and NEA/NR - Mr. Walstrom	Cleared by: NE - Mr. Bennsky NEA - Mr. Kennedy E - Mr. Lynn ICA - Mr. Ferris C - Mr. Achilles
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April 22, 1960

EIGHTH CENTO MINISTERIAL COUNCIL SESSION

Tehran, April 28-30, 1960

Secretary's Arrival Statement (Tehran)

I am particularly pleased to be in Tehran for the Eighth Session of the Central Treaty Organization Council of Ministers. I am pleased not only because this visit affords another opportunity to see again my esteemed colleagues of the Council with whom I met for a fruitful session in Washington last October, but also because it brings me to Tehran, the capital of a country famed by its beauty, its history and its hospitable people.

Our last session was my first opportunity to participate at first hand in the deliberations of the Council as the United States Observer. I found it a rewarding experience, for in CENTO a lively spirit of co-operation toward the achievement of mutual objectives is very much in evidence. Experience has shown us the wisdom of cooperation for mutual defense, the advantages of collaboration for regional economic development, and the political benefits which derive from our efforts to achieve greater unity of aims and greater understanding through regular exchanges of views.

These are the works of peace, and the government and people of the United States value their association in CENTO with the peoples and governments of Iran, Pakistan, Turkey and the United Kingdom. These five nations are assured of the sympathy and approval of all countries endorsing the objectives of the United Nations Charter, under which CENTO is organized. There are others whose attitude toward CENTO members is in violent disaccord with charter principles. Iran, in particular, has been the target of an unprecedented propaganda attempt to subvert its constitutional order. The Seventh Session of the Council of Ministers formally deplored this unwarranted interference in the affairs of this region in a resolution which, I am confident, continues to express the judgment of the Central Treaty Organization.

But however crude, however subtle or however long sustained such assults may be, the free governments and peoples of CENTO member nations will, I am confident, continue in the keen pursuit of their goals. The Government of the United States is proud to be associated with these nations in continuing our work together to protect our freedom and to promote a better life for our peoples.

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TEH D-14/2
April 22, 1960

EIGHTH CENTO MINISTERIAL COUNCIL SESSION

Tehran, April 28-30, 1960

Headquarters Accommodations for CENTO Secretariat

Position Paper

Anticipated Positions of Foreign Governments:

1. Iran probably will maintain that the Organization moved its headquarters to Ankara on the understanding that the Turkish Government would continue Iraq's policy of providing appropriate facilities at no expense to CENTO. The Iranian Government will note in this connection that it provides rent-free building and other facilities to CENTO's Institute of Nuclear Science in Tehran.

2. The Government of Pakistan is likely to associate itself with the Iranian view but may express a willingness to discuss alternative proposals concerning new headquarters accommodations.

3. The United Kingdom probably will advance the view that any buildings owned by the Turkish Government and made available for the Secretariat should be provided free of charge but that the Turkish Government should not be obliged to rent buildings to be occupied by the Organization.

4. The Turkish Government is unlikely to concede that an understanding was ever reached to the effect that it should, as host government, provide rent-free accommodations for the Secretariat for any definite period.

Recommended U. S. Position:

1. The United States is prepared to accept any reasonable solution to this problem acceptable to the member Governments. As a practical matter, in view of the local custom as to rental rates, the United States prefers purchasing to leasing.

2. The United States appreciates the facilities made available to CENTO by the Turkish Government and the continuing rent-free occupancy of the Grand National Assembly building.

3. The United States supports the U. K. position that the Turkish Government should not be obliged to rent a privately-owned building to be occupied by CENTO rent-free.

4. The

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4. The United States would be agreeable to the purchase by CENTO of a suitable headquarters building, provided: (1) the member Governments so agree; (2) the costs are distributed on the normal cost sharing formula; (3) the contributing countries are assured an equity in the value of the building, it being understood that no commitment can be made until the necessary appropriation or allocation of funds is obtained through our legislative process; and (4) the U. S. contribution shall be made in Turkish lira.

Discussion:

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Discussion:

Following Iraq's defection from the Baghdad Pact, the Organization's headquarters were relocated from Baghdad to Ankara at the invitation of the Turkish Government. For this purpose the Turkish Government made space available in the new Grand National Assembly building, into which the Secretariat and the Combined Military Planning Staff (CMPS) moved in October 1958. The Turkish Government announced in July 1959 that the new Grand National Assembly building would have to be vacated by November 1959 to permit the Turkish parliament to occupy that building. This deadline was changed to November 1960 when the Secretariat and the CMPS were unable before November 1959 to find adequate substitute accommodations in Ankara and when the Council was unable to agree upon the means of financing a new headquarters building if a suitable one should be located.

The Turkish Government, maintaining that there are no other government-owned buildings in Ankara suitable for use by the Secretariat, has aided the Secretariat in a search for new accommodations. This search has brought to the Organization's attention a newly-constructed but still unoccupied building, priced at about $780,000, which it is reported would house satisfactorily the Secretariat and the CMPS. On March 17, 1960, the Turkish representative announced in the Council Deputies that the new Grand National Assembly building would continue to be at the disposal of CENTO until a suitable building was found and made available to the Secretariat.

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April 23, 1960

DEPARTURE STATEMENT FROM WASHINGTON FOR CENTO

AND NATO MEETINGS AND VISIT TO GREECE

My journey first takes me to Tehran to attend the meeting of the Council of the Central Treaty Organization. Immediately thereafter, the Foreign Ministers of the NATO countries will gather in Istanbul for the regular spring Ministerial meeting of the North Atlantic Council. A stop in Athens will precede my return to Washington.

My visit to Iran is a welcome opportunity to renew friendships with the leaders of a country bound by traditional and close ties to the United States. I look forward to meeting with our associates in CENTO. We in the United States attach the greatest importance to the Central Treaty Organization. We strongly support CENTO's steadfast efforts to strengthen the principle of collective security in that vital area of the world and to promote the economic well-being of their peoples.

My visit to Turkey, a staunch friend of the United States and stalwart member of both CENTO and NATO, is also most welcome to me. At the Ministerial meeting of the NATO Council we shall, in addition to other subjects, discuss preparations for the meeting of Heads of Government in Paris on May 16.

I much appreciate the invitation of the Greek Government to visit Athens and the courtesy shown by the King and Queen of the Hellenes in agreeing to receive me. Prime Minister Karamanlis will also see me for a discussion of subjects of interest to Greece and the United States.

This trip will take me to three of our oldest friends. It is my hope that it will serve to strengthen further the ties which for so many years have bound us in close and intimate friendship.

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	GTI - Mr. Hope	P - Mr. Berding
	NEA - Mr. Sims	C - Mr. Achilles
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EIGHTH CENTO MINISTERIAL COUNCIL SESSION

Tehran, April 28-30, 1960

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Attached is an index of papers prepared for the Eighth CENTO Ministerial Council Session to be held in Tehran, April 28-30.

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