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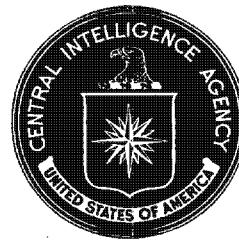
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26 March 1958

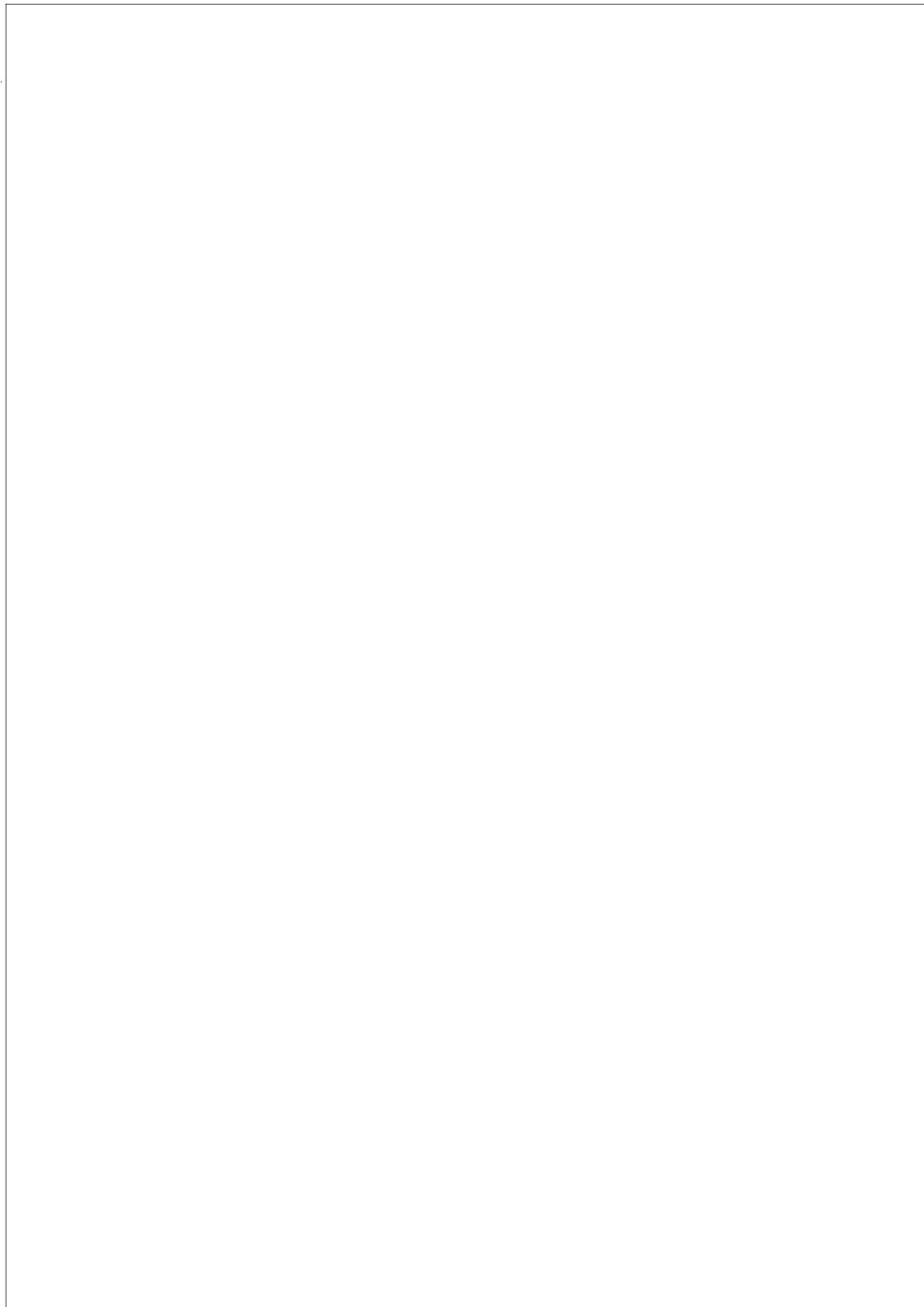
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CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 22
NO CHANGE IN CLASS.
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AUTH: HR/70
DATE: 3/20/84 REVIEWER:

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26 MARCH 1958

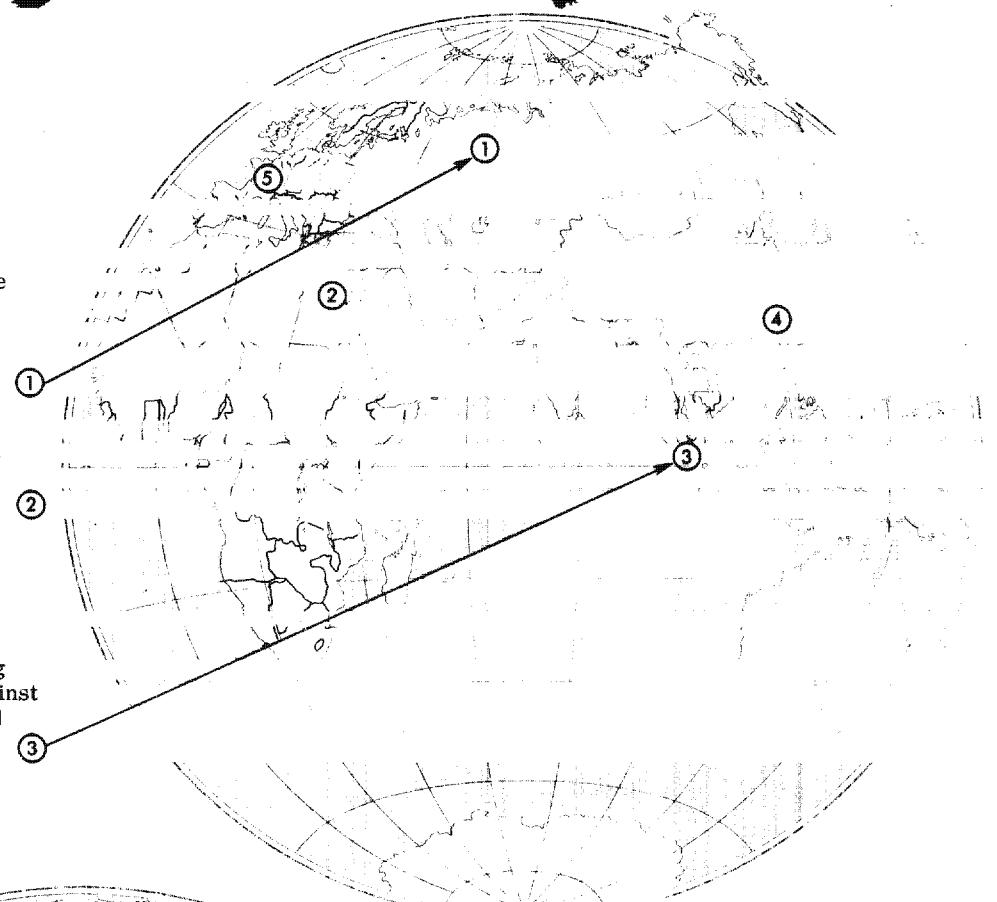
I. THE COMMUNIST BLOC

USSR - Atomic Energy Detection System reports seismic disturbance in northern Urals; presumably was an underground explosion of a few kilotons equivalent. (See JAEIC statement on p. i)

United Arab Republic - Soviet relations with United Arab Republic appear cordial; Moscow continues to ship arms.

II. ASIA-AFRICA

Sumatra - Indonesian army planning overland drive from Pakanbaru against dissident strongholds of Padang and Bukittinggi.



④ Chinese Nationalists may stage riots in Taiwan over Japan's failure to prohibit flying of Chinese Communist flag by Peiping's trade mission in Tokyo.

III. THE WEST

⑤ France - Increased pressure by labor for higher wages will add to difficulties faced by French Government.

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CENTRAL INTELLIGENCE BULLETIN

26 March 1958

DAILY BRIEF

SLAB

I. THE COMMUNIST BLOC

Unidentified Explosion in USSR: The Joint Atomic Energy Intelligence Committee made the following announcement at 1730 EST, 25 March 1958:

The Atomic Energy Detection System has reported the occurrence of a seismic disturbance in the vicinity of Krasnovishersk in the northern Urals, 60.2N, 58.5E (plus or minus 30 miles) at 0900 GMT on 25 March 1958.

No

The reported fix is in the center of a large aseismic area in which there have been no earthquake epicenters located in the last 40 years, although there is a network of first-class seismographic stations in Russia including one at Sverdlovsk. It was probably not a surface burst. It is therefore concluded that the reported disturbance of the earth was produced by an underground explosion of a few kilotons equivalent yield. There are no known atomic energy associations with this immediate area.

No

USSR - United Arab Republic: The USSR's relations with the new United Arab Republic appear cordial, despite continuing signs that the UAR was created by Nasir to block growing Soviet influence in Damascus. Moscow is continuing to ship arms and appears prepared to implement its economic and industrial aid commitments. The UAR, however,

may adjust these commitments with consequent possible delays in the timetable, and there have been indications that the Egyptians may seek to replace Soviet technicians on some of the Syrian projects.

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II. ASIA-AFRICA

Indonesia: Further evidence that the Indonesian Army intends to move overland from Pakanbaru against the dissident strongholds of Padang and Bukittinggi is contained [redacted] to Djakarta requesting 24 pontoons for use in crossing rivers along the route.

The central government army chief of operations states that operations on the west coast of Sumatra may require a build-up of three weeks to one month because of dissident action around Tapanuli.

(Page 2) (Map)

Taiwan - Japan - Communist China: An anti-Japanese outburst "with disastrous implications" may occur on Taiwan on 29 March over Japan's failure to prohibit the flying of the Chinese Communist flag by a proposed Communist trade mission in Tokyo. Japanese Foreign Minister Fujiyama has stated publicly--as he had emphasized in private conversations--that his government will approve the private trade agreement with Peiping. Another Japanese official has told Ambassador MacArthur that the Chinese Communists will be "more adamant than ever" on the flag issue, viewing it as an excellent opportunity to irritate Japanese - Chinese Nationalist relations.

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III. THE WEST

France - Labor unrest: Labor disputes are coming to a head in most of the French nationalized industries. One-day strikes are likely in the transportation, power, and postal sectors in early April as a warning to the government

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that demands for higher wages will be pressed. Increased political instability could ensue if continued Socialist support of the Gaillard government becomes dependent on a Socialist demand for higher wages. [redacted]

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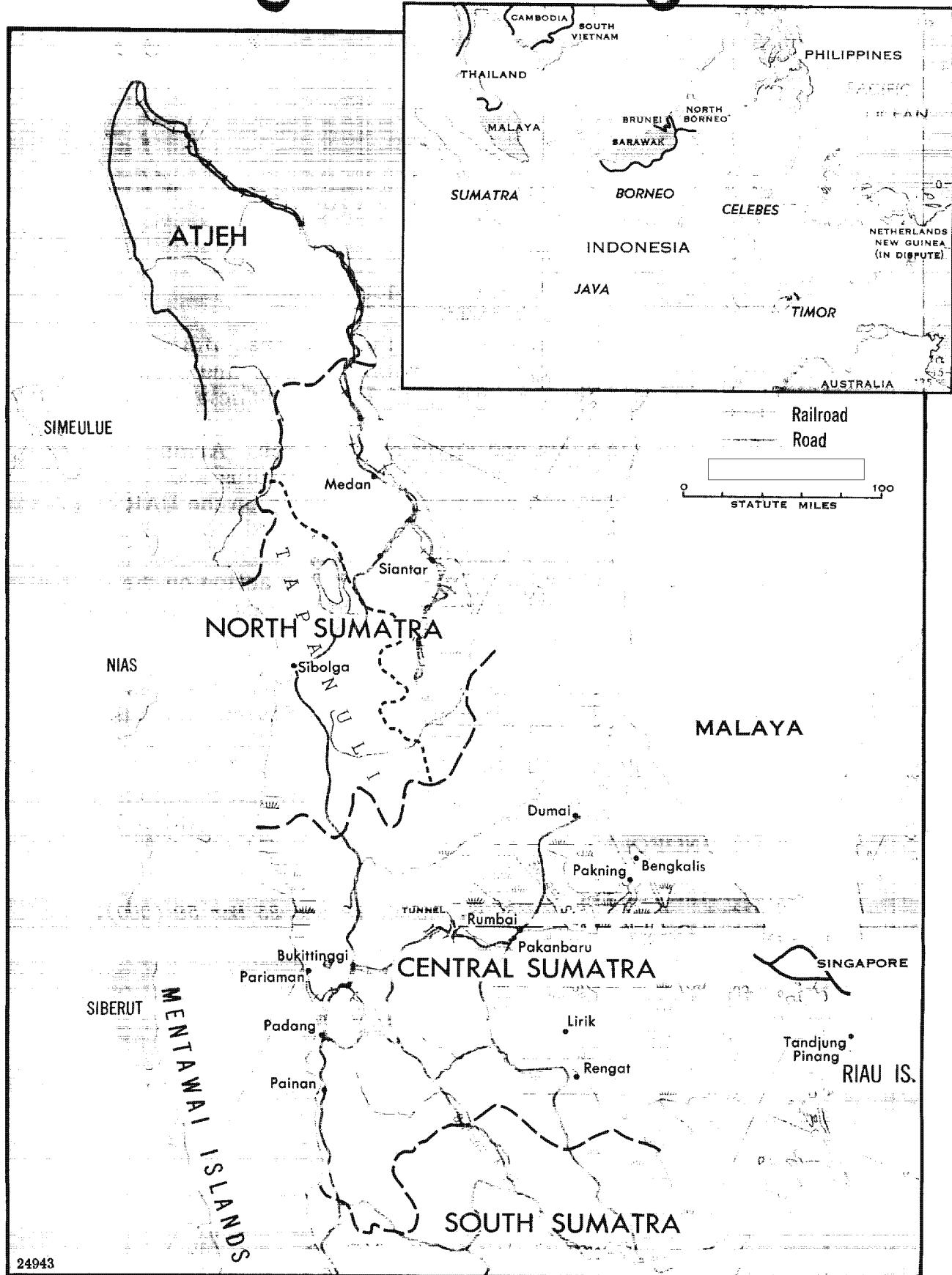
I. THE COMMUNIST BLOC

Soviet Support for UAR Gaining Momentum

Soviet actions in support of the UAR are gaining momentum in the economic, military supply, and propaganda fields. The first group of Soviet technicians under economic agreements signed in the latter half of 1957 arrived in Syria and Egypt on 22 March. Arms shipments to the UAR and Yemen are continuing and Soviet propaganda has commented favorably on the UAR concept of Arab unity. The USSR has evinced particular pleasure over Yemen's alignment with the UAR, Moscow radio pointing out that any British military action on the Aden-Yemeni border might be opposed by joint UAR-Yemeni action.

The overt Soviet attitude toward the UAR indicates that despite Nasir's neutralization of pro-Soviet elements in Syria, Moscow has adjusted its policy to Nasir's changes. Moscow's diplomatic and material support for UAR will probably continue, as will its efforts to give Arab nationalism an increasingly anti-Western cast.

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II. ASIA-AFRICA

Situation in Indonesia

Further evidence of the government's intention to undertake an overland drive from Pakanbaru to Padang [redacted] requesting [redacted] 24 pontoons for river crossings on the two roads between the two cities. [redacted]

[redacted] two islands off the west coast--Nias and Siberut--will be used as a staging area for an amphibious assault, which presumably would be launched simultaneously with the arrival of overland forces. [redacted] three weeks to a month are required for a build-up, and that the defected Tapanuli region may also be included in the target area.

The army intelligence chief on 21 March accused Taiwan of supplying arms to the Sumatran dissidents, a statement which may be the beginning of an official campaign against Chinese Nationalists in Indonesia. The left-wing Djakarta press has already demanded action, and right-wing Chinese anticipate the closure of all Kuomintang branches in Indonesia, the suppression of the anti-Communist Chinese press in Indonesia, and the banning of all anti-Communist Chinese literature from Taiwan and Hong Kong. Financial and business transactions of Nationalist sympathizers in Indonesia could also easily be singled out for obstruction.

Increased activity by the Indonesian Communist party appears to be reflected in an anti-Western, anti-SEATO student demonstration on 25 March at the American Embassy, the appearance of painted anti-SEATO slogans on Djakarta streets, and an anti-Western petition presented by a "farmers group" to the American Embassy on 24 March. This activity so far has been orderly, but the Communists have the capacity to inspire large-scale, anti-American demonstrations which could easily get out of control. [redacted]

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Possible Anti-Japanese Violence Foreseen in Taipei

Ambassador Drumright sees some possibility of an outburst of violence against Japan on Nationalist China's Youth Day on 29 March if Japan refuses to accept Nationalist demands to prohibit the flying of the Chinese Communist flag by a Chinese Communist trade mission in Tokyo. Public feeling in Taipei against Japan is high, and the traditional Youth Day demonstration could turn to violence, possibly including the sacking of the Japanese Embassy.

Japanese Foreign Minister Fujiyama, according to the Tokyo press, says the Japanese Government will approve the privately negotiated trade agreement with Communist China. The Japanese are unlikely to prohibit the flying of the Peiping flag, but have proposed sending a special representative of Prime Minister Kishi to Taipei to explain the government's position. Nationalist Foreign Minister Yeh has stated that he would be welcome only if he brought a satisfactory answer on the flag issue. A Japanese Foreign Ministry spokesman told Ambassador MacArthur on 24 March that he believes the Chinese Communists will be "more adamant than ever" on the flag issue, viewing it as an excellent opportunity to irritate Japanese-Nationalist relations.

The Chinese Communists already have initiated talks which could lead to substantial new trade. Contracts are under discussion for a \$560,000,000 exchange of iron and steel for coal and iron ore over a five-year period. Peiping will probably make successful completion of these negotiations contingent on Tokyo's final approval of the flag provision and other clauses of the trade agreement negotiated by private Japanese representatives with Communist China.

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III. THE WEST

Widespread Labor Unrest Threatens in France

Labor disputes are coming to a head in most of the French nationalized industries because the government insists no wage concessions are possible in 1958 if inflation is to be contained. One-day strikes are likely in the transportation, power, and postal sectors in early April as a warning to the government that demands for higher wages will be forthcoming.

Railroad wage negotiations have already broken down, and there is little hope that a settlement can be reached by a conciliation commission which will meet within the next ten days in a last effort to avoid conflict. In the past two weeks the railroad unit of the Communist-dominated General Labor Confederation has improved its relationship with two of the free unions, and the Socialist-led Workers' Force may be forced to join in if a strike is called. A similar situation is likely to develop in the other nationalized industries.

If labor unrest continues, the Socialists will be faced with pressure from their trade union affiliates to demand that Gaillard make some concessions to labor as the price of their party's continued support of the government. In view of the precarious equilibrium of the Gaillard coalition, the threat of a Socialist withdrawal would be sufficient to wreck the premier's austerity program or bring down the government.

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CENTRAL INTELLIGENCE BULLETIN

26 March 1958

DAILY BRIEF

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