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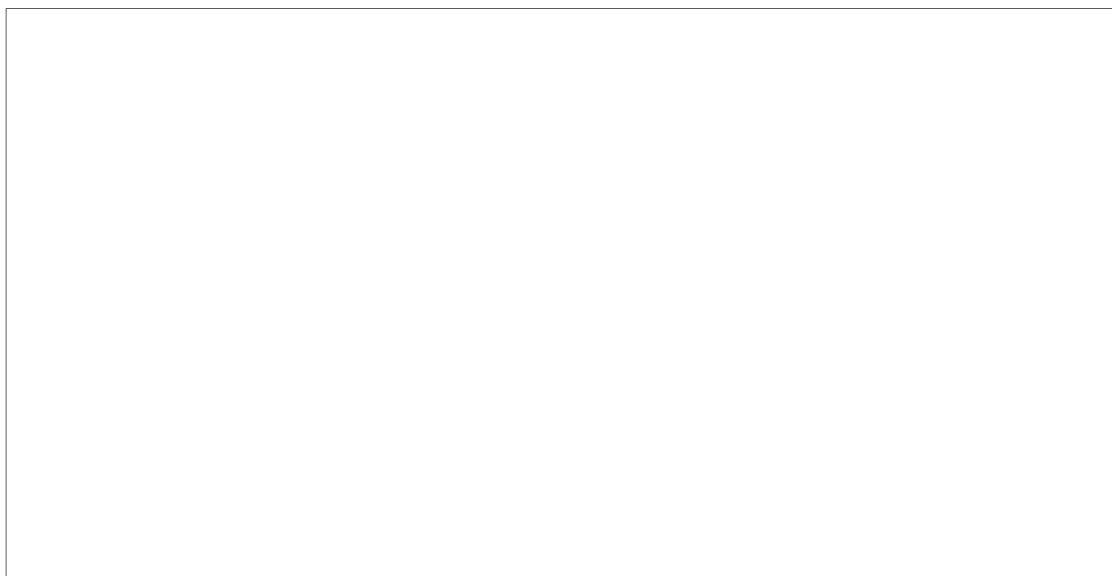
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**OFFICE OF CURRENT INTELLIGENCE**  
CENTRAL INTELLIGENCE AGENCY

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## 1. THE SITUATION IN HUNGARY (Information as of 2400, 4 November)

Fighting continues in Budapest and in certain isolated areas in the provinces, although Soviet troops and their collaborators in the new Hungarian "Workers and Peasants Revolutionary Government" established the morning of 4 November appear to be in control of all border areas and almost all key urban areas. The premier of the new Communist regime, Janos Kadar, reportedly declared late in the day on 4 November that "armed gangs of rebels are still murdering" and that there was still danger that they might get the upper hand. In midafternoon of the same day, Soviet aircraft reportedly bombed the western part of Budapest, some hours after Moscow radio had hailed the "crushing" of the "counter-revolutionary and Fascist" forces.

At least seven Soviet divisions are believed to be engaged in the fighting--two normally stationed in Hungary, two that had been brought in during the fighting on 24-25 October and three that apparently moved in during the past several days.

some estimates place the increment since 24 October as high as twelve divisions. In answer to Ambassador Bohlen's remark on the evening of 3 November that the USSR was still putting troops into Hungary, Khrushchev answered that the Soviet Union had enough troops there, but if not, "We will add more and more if necessary!"

Fighting continued throughout the day on 4 November and reports of clashes between Soviet and Hungarian military units are confirmed. the two Soviet divisions normally stationed in Hungary

[redacted] to capture and disarm the Hungarian troops without violence, but in the event of opposition the order appears to be to destroy them. [redacted] the Soviet commanders are under orders not to conduct negotiations, to break opposition ruthlessly, and to disperse the population.

Resistance to the Soviet attack, launched throughout the country at about 0500 hours on 4 November, apparently was disorganized and conducted largely by irregular forces, including armed workers and students. The Hungarian defense minister and the chief of staff were arrested before the attack began by Soviet officers who had been engaged in negotiations--begun the previous day--with them concerning Soviet troop withdrawal. Premier Nagy and most of the ministers in his short-lived coalition government were arrested in the morning when Soviet troops captured the Parliament building in central Budapest. Nagy had time only to announce the attack over Budapest radio at 0515 and to appeal desperately for help from the outside world. Virtually all free Hungarian radio stations in the country were in Soviet hands by noon.

The USSR's decision to resume military action against the Hungarian revolt apparently was made on 31 October after it had become clear that the program of the Nagy regime would result in the severance of close Hungarian ties with Moscow. Mikoyan and Suslov, the two Soviet leaders most closely concerned with Hungarian developments in the past, arrived in Budapest on 31 October, perhaps to announce this decision to Kadar.

The new Communist government headed by Kadar was formed coincidentally with the Soviet attack on 4 November; one of its first acts was to appeal for Soviet armed assistance to put down the "counterrevolution" of the "sinister forces of reaction." Nevertheless Kadar, in a speech at 0810, assailed the "Rakosi-Gero clique" for violations of legality, promised to carry out a national Communist, Gomulka-like program and, after calm is restored, to negotiate with the USSR and other Warsaw pact states for the withdrawal of Soviet troops from Hungary.

The fate of Hungarian political leaders who during the past week had declared themselves in open

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opposition to both the USSR and to Communism at home is uncertain. Cardinal Mindszenty, however, has received political asylum in the American legation in Budapest and Social Democratic leader Ana Kethely was safe in Austria when the Soviet forces attacked.

Reaction to the Soviet move elsewhere in the Soviet bloc has included echoes of the Moscow line from all Satellite capitals and from Peiping. Yugoslavia has also accepted the USSR's interpretation of Hungarian developments with virtually no reservations. Socialist party leader Nenni in Italy, however, has condemned the Soviet move. According to a Rome broadcast, Nenni stated on 4 November that the USSR's substitution of force and power for proletarian internationalism is unacceptable and expressed the hope that the Soviet Union will reconsider its move, withdraw its troops, and recognize Hungary's neutrality.

2. HOSTILITIES IN EGYPT (information as of 2400,  
4 November)

The Anglo-French invasion of Egypt began with an airborne assault at dawn on 5 November, according to a communiqué of the allied command. The objectives of the attack were not immediately confirmed. Anglo-French airborne forces on Cyprus prior to the attack numbered at least 7,400. Additional troops and supporting weapons and equipment may be airlifted in as soon as an airfield is secured. Seaborne assault forces en route from Cyprus, Malta and the western Mediterranean will probably begin arriving within 24 hours. Additionally, the British Third Infantry Division, consisting of 17,000 men, left Southampton for the Mediterranean on 1 and 2 November. The planners of the Anglo-French operation against Egypt calculate that the Suez Canal zone can be occupied and controlled within 10 days.

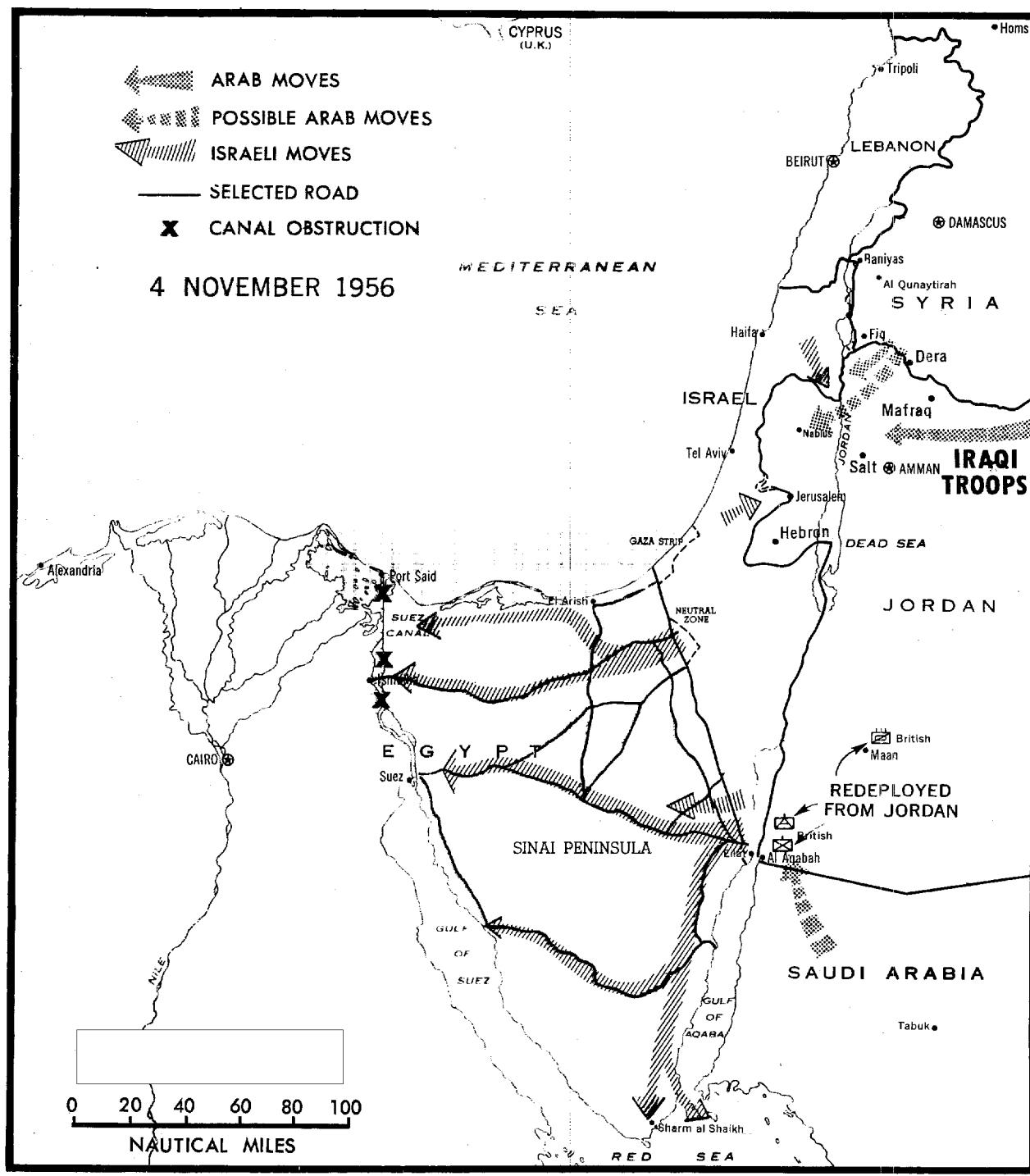
Egypt has completed the withdrawal of its troops across the Suez Canal, and was not lured into committing its main force in Sinai. With military installations and transportation under heavy Anglo-French air attack, Egypt is attempting to disperse military vehicles, equipment and supplies among the villages in the Nile delta and on the approaches to the canal. Nasr's plan appears to be to confront the Anglo-French governments with the prospect

of a long, expensive, unorthodox campaign involving war against the Egyptian civilian population. The canal has, meanwhile, been blocked by scuttling at least seven ships, including major canal maintenance vessels, and by demolition of the Firdan Bridge, the canal's only highway crossing.

"the destruction of Port Said has assumed impressive proportions!"

Egyptian troop strength in the canal zone at the beginning of hostilities is believed to have been at least 15,000, including an armored group and three infantry brigades. These forces have by this time probably been increased to at least 30,000 by reinforcements, largely armor and artillery, from Cairo and Sinai. The Israelis claim to have killed, wounded or captured about half of the 36,000 Egyptian troops in Sinai at the beginning of the fighting.

Israeli forces have virtually completed mopping up the Sinai Peninsula with the seizure of the town and airfield at Tor on the Gulf of Suez, coast defense positions at Sharm al-Shaikh, and the islands of Tiran and Sanafir guarding the entrance to the Gulf of Aqaba. Israeli forces are operating in the vicinity of the canal opposite Suez and Ismailia, and are closing toward Port Said.



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### 3. SYRIAN AND IRAQI TROOPS ENTER JORDAN

The recent entry of Syrian and Iraqi troops into Jordan raises the immediate prospect of Israeli counteraction by an attack toward the Jordan River. For several days Israel has been shifting troops to the Jordanian and Syrian borders and laying field communication wire. Heavy movements of tanks toward Jordan have been observed by American officials in Tel Aviv.

The Syrians probably entered Jordan on 1 or 2 November. According to previous plans of the Arab joint command in Cairo which were later canceled, Syria was to prepare one armored brigade and one infantry brigade to enter Jordan for an attack on Israel. The location of Syrian troops in Jordan is unclear, although

some are probably in the area immediately south of Lake Tiberias along the Jordan River. Observers of the UN truce supervisory organization on 3 November reported seeing a truckload of Syrian troops in the Nablus area in West Jordan. Arrival of Syrian troops on the west bank of the Jordan River would probably be regarded by the Israelis as a severe provocation.

Elements of Iraq's 1st Division, which had been concentrated in the vicinity of H-3 pumping station 40 miles east of the Jordan border, entered Jordan on the night of 3 November. One brigade of this division will reportedly take up positions in the vicinity of Mafraq and Salt, north and west of Amman, in east Jordan. Two Iraqi air force squadrons, one of Sea Fury piston attack aircraft and possibly one of Vampire jet fighters, may accompany the move.

Following the redeployment of British forces from the Aqaba area, Jordan requested the entry of a

Saudi Arabian regiment into south Jordan to prevent Israeli seizure of Aqaba.

Saudi forces in the Gulf of Aqaba area have been reinforced and that a Saudi force may enter Jordan shortly. After being cut off by the Israeli drive across Sinai, Egyptian forces stationed at the entrance to the gulf escaped across the straits to join the Saudi garrison. Israel has, meanwhile, informed the United States that it has reliable information that Egypt has transferred 20 IL-28 jet bombers and an unknown number of MIG-15 jet fighters to Saudi Arabia, where Israel fears they are regrouping for an attack.

13 Egyptian aircraft had arrived at Saudi airfields on the previous day, and the American embassy in Jidda reported the arrival and departure of five IL-28 jet bombers.

**4. SABOTAGE OF MIDDLE EAST OIL FACILITIES**

Egyptian agents have sabotaged the Iraq Petroleum Company (IPC) pipelines which run from Kirkuk to the Mediterranean, and possibly the American-owned Tapline Company pipeline from Saudi Arabia. Ambassador Moose in Damascus on 4 November reported "heavy damage or destruction" of IPC pumping stations. Syrian officials disclaimed knowledge of where the damage was done or who had done it. A large fire has been reported at the IPC terminal at Baniyas, Syria, and three fires have been observed at pumping stations.

IPC stopped pumping oil to the Mediterranean as of 0300 on 3 November, following a Syrian cut of IPC communications with the pumping stations. Other IPC operations are reported normal. A Cairo broadcast stated there has been damage to Tapline, but no shutdown has been reported.

Authorities in Beirut and Damascus have given the American embassies there definite assurances that they are determined to do their best to protect the pipelines.

Egyptian saboteurs have had new successes in Libya.

[redacted] the "demolition" of Barclay's Bank in Tripoli and "explosions and fires" set off at "encampments and the chief fuel dumps!" [redacted] British soldiers had been assassinated, [redacted]

[redacted] Libyan prime minister Ben Halim has stated his determination to act against sabotage, but said that the British were complicating his problems by their "militaristic displays."

Qatar, the Trucial Coast and Muscat are quiet following the sabotage of the pipeline in Qatar, [redacted]

Rioting was still going on in Bahrein, however, including looting and arson in foreign residences. Bahrein Petroleum Company officials say that about 85 percent production can be maintained under strike conditions provided there is no sabotage and tanker loadings remain normal. Kuwait is also quiet.

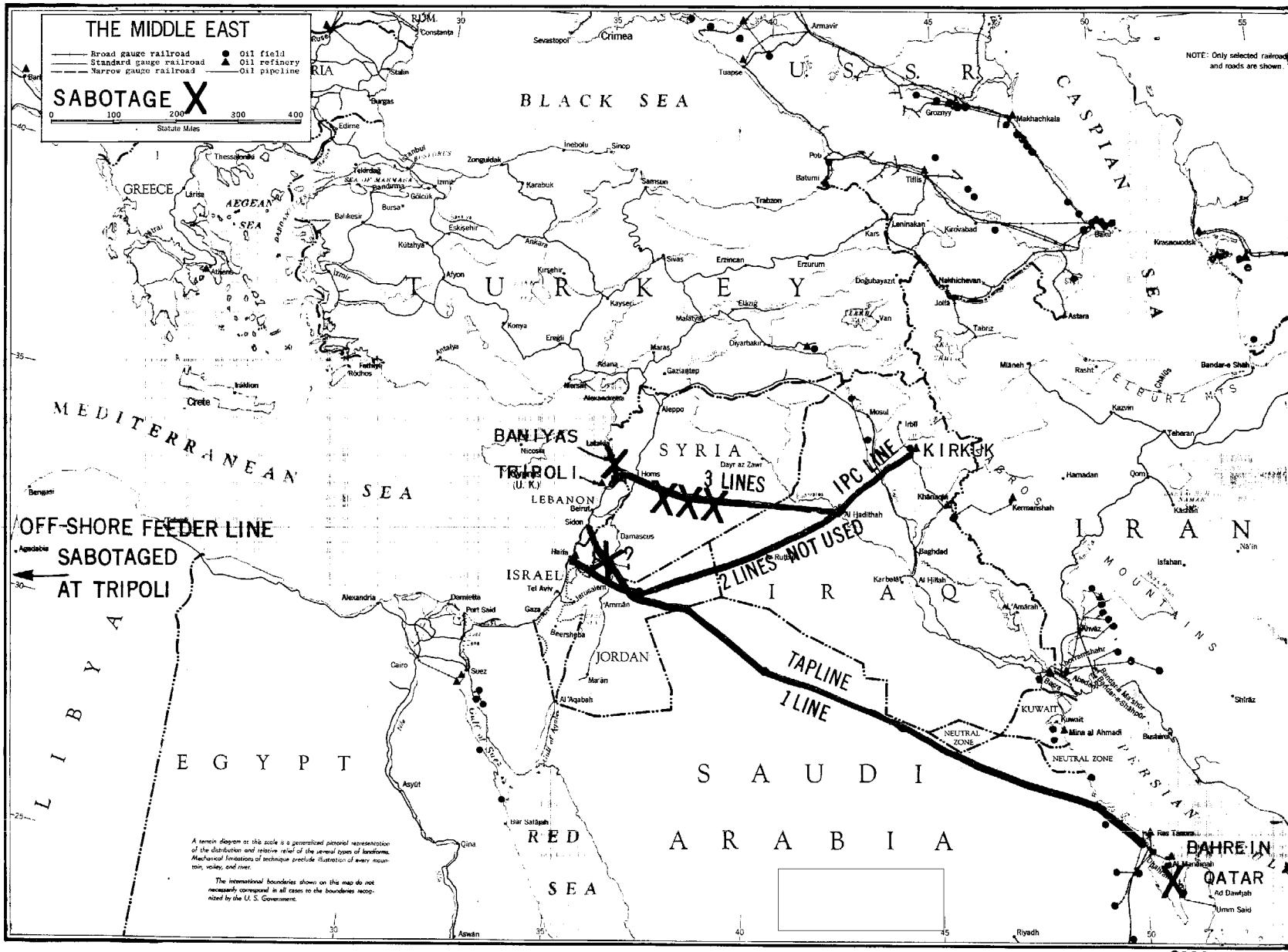
[redacted] Egyptian agents were having difficulty obtaining demolition equipment for sabotage of Kuwait oil installations.

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## 5. INDIAN REACTION TO THE MIDDLE EAST CRISIS

India approves American actions to date in the Middle East crisis, and through various sources such as Vice President Radhakrishnan and elder statesman Rajagopalachari is urging that the United States continue to provide strong leadership. Prime Minister Nehru reportedly [redacted]

[redacted] the "world's two largest democracies," India and the United States, must work together as a team. Nehru is also reportedly considering a trip to New York to address the UN General Assembly.

Nehru is apparently more disturbed than he was after the Korean invasion in 1950, and seems inclined to take firmer action than he did at that time. Radhakrishnan told the American consul general in Madras that he felt India would be willing to guarantee Israeli territorial integrity as part of a package deal involving removal of British, French, and Israeli troops from Egypt. He said that the United States should spearhead a UN force to occupy the Suez area and that he was confident India would be willing to participate in such a force. Rajagopalachari echoed these views.

India's affirmative vote for the Canadian "police force" resolution passed by the UN General Assembly on 4 November bears out Radhakrishnan's remarks, and a subsequent press report names India among five nations tentatively offering men. In view of events in Hungary on 4 November, India is unlikely to support the use of Soviet troops for this purpose.

The Indian government is reportedly considering withdrawal from the Commonwealth, apparently

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initially with the idea of using this as a threat against Britain. The matter may be discussed at a Colombo powers premiers' meeting, announced on 3 November as scheduled to be held in New Delhi shortly. Pakistan might join India in threatening to withdraw since, according to Prime Minister Suhrawardy, sentiment from the cabinet on down favors severing Pakistan's tie with the Commonwealth.

India has announced that it does not consider a meeting of the Bandung powers, sought by the USSR and Indonesia, as desirable at this time. [redacted]

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## 6. PEIPING'S PROTEST AGAINST BRITISH AND FRENCH "WANTON AGGRESSION"

[Redacted]

Peiping's official protest of 3 November over the "wanton aggression" of Britain and France against Egypt concludes with the warning that persistence in this course will entail "inestimably grave consequences!"

Previous statements had suggested that Chinese Communist leaders were considering what action they might take in the Suez crisis in order to increase the bloc's influence in the Asian-African countries. The Anglo-French action creates an opportunity for Peiping to threaten retaliation against Hong Kong in order to bring pressure to bear on the British.

There have been indications of increases in Chinese Communist ground force strength near Hong Kong in recent weeks. Some 65,000 Chinese troops are within 50 miles of Hong Kong, which could probably not be held long by British forces alone. There are approximately 14,000 troops in Hong Kong.

Peiping's various statements about Egypt have been similar to but not so violent in tone as its pronouncements prior to intervention in Korea in autumn 1950. Further and stronger denunciations of the British would probably precede an attack on Hong Kong [Redacted]

## 7. REACTIONS TO SUEZ POLICY IN BRITISH AND FRENCH PARLIAMENTS

The resignation of Anthony Nutting, a protégé of Prime Minister Eden, as minister of state in the Foreign Office--announced on 4 November--provides a potential rallying point for any spread of Conservative disaffection with Prime Minister Eden's Middle East policies. Nutting, however, does not have a large personal following, and most other Conservatives with misgivings have so far refrained from expressing them publicly.

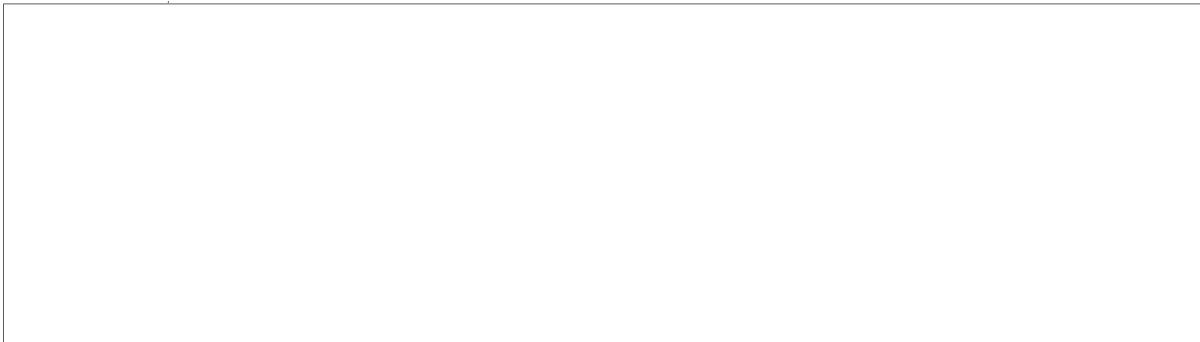
The American embassy estimated on 2 November that although some 30 Conservative members of Parliament are distressed at the government's actions, Eden will continue to command a majority provided Britain's military intervention in Egypt is short and decisive. The government's margin in the vote of confidence on 1 November was 59.

In France, too, there is a strong feeling that speed is essential. Premier Mollet still has the solid support of all non-Communist elements for his Suez policy, but worry over the possible repercussions in North Africa continues.

The non-Communist press continues to back Mollet, but some editors have indicated privately their concern over the government's policy. Embassy contacts in the working level of the Foreign Ministry have expressed strong disapproval of Mollet's action, and some Socialist leaders, though withholding their criticism, are known to be opposed.

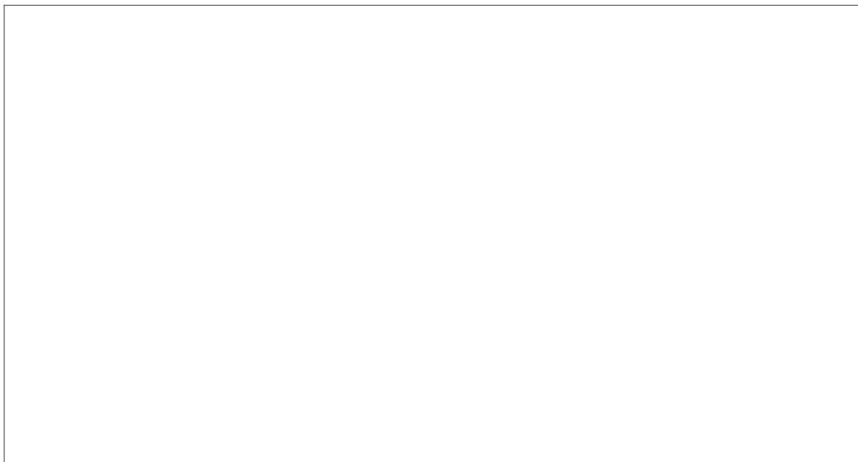
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## 8. SOVIET MERCHANT SHIPS ORDERED OUT OF SUEZ AREA

**Comment**

The USSR is obviously seeking to avoid direct involvement of Soviet-flag ships in hostilities. At least one of these ships was probably carrying arms.

As of 3 November, six other Soviet merchant vessels were in the Red Sea, apparently lying to and awaiting additional instructions. In the Mediterranean, two Soviet tankers were last noted lying off Port Said with a canal convoy.



## 9. SUBMARINE DESTINED FOR EGYPT RETURNING TO POLAND

[redacted] the Polish submarine M-107 and its Polish merchant ship escort reversed course on 1 November after passing through the Straits of Gibraltar en route to Egypt. These vessels had left the Mediterranean by 2 November, presumably to return to Polish naval headquarters at Gdynia.

The M-107, a Soviet-built coastal submarine, left the Baltic [redacted] and apparently was the first of two submarines scheduled for delivery to Egypt under the Soviet-Egyptian arms deal. It is apparently manned by Soviet and Polish crewmen.

[redacted] it was impossible for the USSR to deliver further aid to Egypt at present because of the Anglo-French air-sea blockade.

## 10. INDONESIAN ARMY AND POLICE CONSIDERING MILITARY DICTATORSHIP

[redacted] Indonesian [redacted]  
[redacted] army leaders and the chief of police have agreed that the only way out of the country's "present unhealthy situation" is to have a military dictatorship. They have not decided whether the junta should use President Sukarno and Vice President Hatta for a front.

Army and police circles believe Sukarno wants to set himself up as a dictator, a development they oppose. They also believe all parties except the Communist party would oppose it.  
[redacted]

### Comment

Certain top Indonesian army leaders, angered at corruption in the government, have been considering a coup for several months. This is the first report that the police force is involved in the plotting.

Following his return from China recently, Sukarno suggested the abolition of all political parties and indicated he would like to assume a role like that of Mao Tse-tung or Tito.