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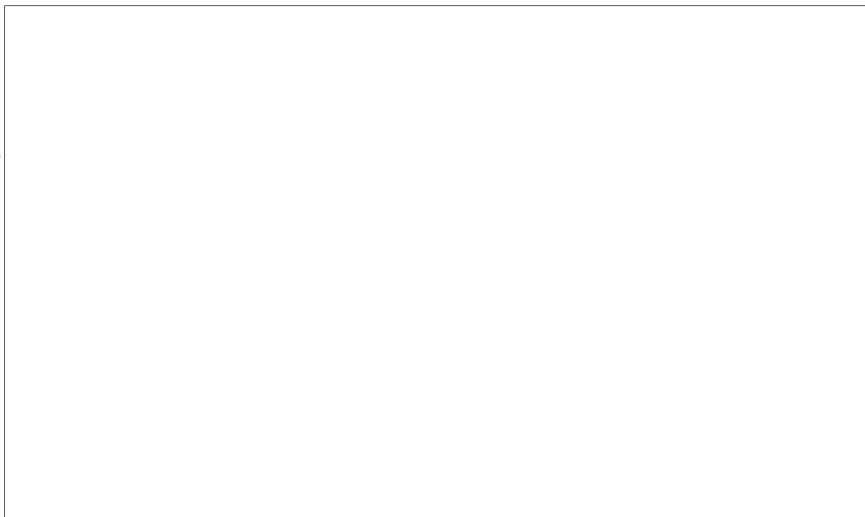
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1. YUGOSLAVS ADMIT SERIOUS DIFFERENCES WITH THE USSR

High Yugoslav officials now admit that the Soviets have been undermining Yugoslav relations with the Satellites, according to Ambassador Riddleberger.

Yugoslav foreign under secretary Prica [redacted] on 29 September that the attitude of Soviet party boss Khrushchev in his talks in Brioni had been an uncompromising reversal of the 20th Communist Party congress doctrine on the "many roads to socialism." When Tito threatened to publish their respective positions, Khrushchev invited him to the USSR to discuss their differences with the Soviet leaders. Prica added that the Soviet leaders apparently had expected that Yugoslavia would return to the Soviet fold and were now worried about the effect of their policy of liberalization in the Satellites. Molotov and others had always opposed the policy and the great majority of the Soviet presidium and central committee, including Khrushchev, now support Molotov's views. Prica stated this had created such a wide gap between Soviet and Yugoslav ideas on socialism that it could never be bridged.

Riddleberger concludes that this development, if as described, must be a bitter blow to Tito, who has predicted fundamental changes in the USSR in justifying his foreign policy.

Comment Because of the extent of the ideological differences, any durable Yugoslav-Soviet compromise is unlikely, although both sides will try to avoid another open split.

Tito's visit to the USSR, despite the unfavorable Western reaction he feared would result, indicates that he feels he must make every effort to protect Yugoslavia's growing prestige in Eastern Europe.

**2. NASR ADVISER SAYS EGYPT IS READY FOR
NEGOTIATIONS ON SUEZ**

[Redacted]

Ali Sabri, Egyptian president Nasr's principal political adviser, stated on 29 September prior to his departure for New York that he believes the moment has come when the parties to the Suez dispute can accept negotiations and reach a mutually satisfactory settlement without loss of face. Sabri said this applies, however, only if the West's objective is a settlement and not just to "get" Nasr.

Sabri said Egypt hopes the UN Security Council will designate a negotiating body. He added that his government had no set requirements for the composition of such a body and would accept negotiations with the Western-sponsored users' association, although such negotiations would not satisfy "the world"--i.e., the USSR. Sabri repeated assurances given earlier by other Egyptian spokesmen that Egypt would be willing to enter detailed agreements on such questions as tolls and administrative regulations, provided Egypt remained the actual operator of the canal.

[Redacted]

Comment Apart from the emphasis on Egypt's readiness to negotiate now, Sabri's statements indicate that Cairo has not lowered its terms for a settlement in any significant respect.

A French Foreign Ministry official has emphasized to the American embassy in Paris the danger of permitting the Security Council, or any group delegated by it, to assume the role of negotiator in international disputes, since this would create a precedent for further Soviet intervention in affairs in which the USSR has no direct concern.

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**3. EGYPT CLAIMS IT WILL SEEK TO LIMIT TRADE
WITH BLOC**

[Redacted] Ali Sabri, Nasr's chief political adviser, stated [redacted] that in order to prevent Soviet domination, the Egyptian government has decided that no more than 35 percent of Egypt's total foreign trade would be with the Soviet bloc. He pointed out, however, that if cotton could not be sold elsewhere, Egypt would be forced to sell it to the Soviet bloc, without regard to this limitation.

Comment

In 1955 less than 20 percent of Egypt's trade was with the Soviet bloc. Egypt has turned to the bloc increasingly since the Suez nationalization, and total trade for 1956 may actually exceed the 35-percent ceiling. The USSR on 1 October agreed to send another 200,000 tons of wheat which, with its previous 250,000 commitment, will furnish Egypt with two thirds of its wheat import requirements for the current consumption year.

4. BRITISH LABOR PARTY CONFERENCE

[Redacted]

Aneurin Bevan's election on 1 October as party treasurer at the British Labor Party conference, only a year and a half after he was almost expelled from the party, shows the degree to which party unity has been restored under Hugh Gaitskell's leadership. Despite his past contentiousness, Bevan's moderation during the last six months made him acceptable even to Gaitskell, who preferred his right-wing opponent. The party treasurer automatically sits on the National Executive Committee, the top policy board of the party.

Probably more significant for future party policy is the growing militancy of the trade union movement, previously a major moderating influence. Under stimulus of the new head of the influential Transport and General Workers Union, the unions have reversed their position by demanding further nationalization of industry and by rejecting the government's plea for restraint in wage demands. The party will vote on these and other issues before concluding its conference on 5 October.

[Redacted]

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5. CIVILIAN UPRISING MAY BE ATTEMPTED IN CUBA

A civilian organization may attempt an uprising in Cuba by 10 October, [redacted]

High Cuban military officials, lacking detailed information concerning the extent of participation of military personnel in the conspiracy, are planning a counteraction including a purge of army officers they consider suspect.

Comment

[redacted] revolutionary activity is planned for Cuba in the near future, and it seems likely that disturbances are in the offing.

[redacted] it has information indicating the existence of a well advanced civilian conspiracy which is operating with a considerable degree of confidence. [redacted]

[redacted] however, that a movement relying principally on civilian support would appear to have little chance of success.

The threatened uprising may be related to reported coup plans of the group headed by Colonel Ramon Barquin, imprisoned after leading a military conspiracy thwarted in April.

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6. NEW BRITISH DRAFT CONSTITUTION FOR CYPRUS

[redacted] the proposed new constitution for Cyprus now being drafted is "very liberal," and would give the

Greek Cypriots 24 elective seats and the Turkish Cypriots six seats in the unicameral legislative council. The proposed council would exercise extensive authority over almost all phases of government under the leadership of a chief minister it would choose. Turkish minority interests would be safeguarded by specific constitutional provisions and a Turkish Cypriot minister for their affairs aided by an intercommunal arbitration authority with both nominated and elective members.

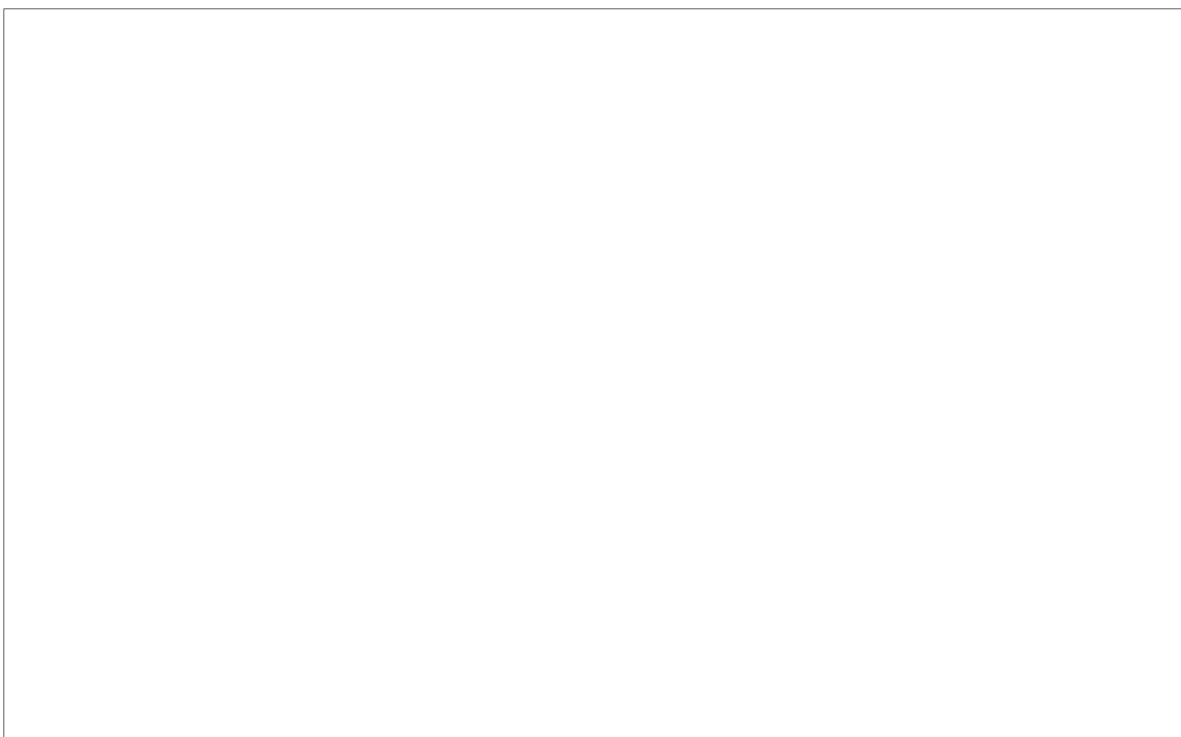
[redacted] the British are also considering including a statement promising a self-determination plebiscite after a 10- or 15-year period of successful self-government.

Comment

Britain's formal position continues to be that it can consider no substantial political moves regarding Cyprus, including promulgation of a new constitution for the colony, until terrorism is stamped out. London apparently intends the proposed constitution, which as reported appears to satisfy several of the Greek Cypriots' earlier demands, as evidence that it is not relying wholly on force to bring about an ultimate solution. The British presumably plan to publish the draft constitution just before the opening of the UN General Assembly next month.

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7. INDONESIANS AND CZECHS FAIL TO AGREE ON JOINT STATEMENT



Comment

The joint Soviet-Indonesian statement of 11 September aroused considerable political opposition in Djakarta because of the omission of any reference to West Irian and because it was widely regarded as a violation of Indonesia's independent foreign policy. Abdulgani reportedly was instructed not to sign a joint statement with any other Communist nation without first consulting the cabinet. His lack of success in Prague may be attributable to his desire for references to colonialism and military pacts which could be construed to apply to either East or West.

8. LAOS REPORTEDLY TO ESTABLISH DIPLOMATIC RELATIONS WITH THE SOVIET UNION

The Laotian cabinet has approved the establishment of diplomatic relations with the Soviet Union, [redacted]

[redacted] Meanwhile, Pathet Lao representatives on the mixed commissions negotiating a final settlement with the royal government have insisted, but without success, that diplomatic relations also be established with Communist China and North Vietnam. [redacted]

Comment The Laotian prime minister has expressed a willingness to open relations with both countries if they will treat Laos as a fully independent and sovereign state.

~~TOP SECRET~~
THE ARAB-ISRAELI SITUATION
(Information as of 1700, 2 October)

When questioned by American ambassador Lawson on 1 October concerning the Israeli response to the movement of token Iraqi troops into Jordan, Israeli prime minister Ben-Gurion declared, "If Iraq sends troops to the other side of the Jordan River, we will do nothing. If they send them to our borders, that is different. They should not cross the Jordan!"

Meanwhile, however, Iraqi chief of staff Rafiq has stated that Iraqi troops will not be sent into Jordan at least until the joint planning now under way in Amman has been completed. Concentration of a reinforced brigade at H-3 pumping station in western Iraq forty miles from the Jordan border will also depend on the results of the Amman talks. According to Rafiq, the force at H-3 still includes only two infantry battalions with supporting antiaircraft, artillery and headquarters troops. A major problem for the Amman discussions is to formulate a joint concept of defense and to define the Israeli military action which would set the agreed joint defense measures in motion. Iraq, like Egypt, has apparently told Jordan that it does not consider border raids to constitute invasion and believes Jordan should be capable of handling such incursions itself. Rafiq reaffirmed, however, that Iraq would assist Jordan in the event of all-out Israeli aggression, and was making plans for this contingency.

Further evidence of Iraqi hesitation to commit itself in Jordan

the Iraqi government has informed Jordan that it does not intend to participate in arming the Jordanian National Guard.

Egypt appears to have gained an advantage over Iraq as a result of its immediate response with shipments of arms for the Jordan National Guard, following the recent

Israeli raids.

In requesting aid for the Jordan National Guard, the Jordan government advised Lebanon's President Chamoun that the Guard consisted of 100,000 men,

Of this force, Jordan claimed that "25,000 were fully armed with good weapons, 25,000 were poorly armed, and 50,000 were without any weapons at all." These figures suggest not only that Jordan's King Hussain may have ambitions to expand his military forces, but also that he has exaggerated the size of the Guard in hope of assuring receipt of maximum aid.

The possibility that Egypt continues to conduct terrorist operations against Israel from Jordanian territory, without the knowledge of Jordan government authorities,

Jordanian authorities arrested three men armed with Czech submachine guns in the Hebron area of West Jordan south of Jerusalem. The men were reported to have claimed that they were working with Egyptian military intelligence.

15 tanks (probably T-34), 38 122-mm howitzers, eight 122-mm

field guns, 10,000 anti-personnel mines and 5,500 rocket shells arrived on a Soviet ship in Latakia on 24 September. This shipment, presumably made under terms of the third Syrian-Soviet bloc arms contract just concluded, represents fulfillment of at least 20 percent of that contract.