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6 March 1958

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CENTRAL

INTELLIGENCE

BULLETIN



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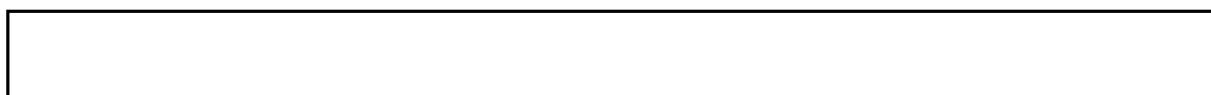
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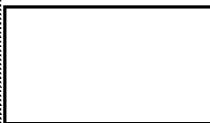
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# CENTRAL INTELLIGENCE BULLETIN

6 March 1958

## DAILY BRIEF

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### I. THE COMMUNIST BLOC

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Soviet leadership: Ambassador Thompson believes that chances are about even that Khrushchev will replace Bulganin as premier in April if it becomes clear that a summit meeting will take place at a reasonably early date. Khrushchev presumably would prefer to be the official leader of the Soviet delegation at such a conference. Bulganin's prestige has been declining for some time and it is likely he will be replaced. Khrushchev, however, might hesitate to assume Stalin's dual position as head of party and government.   25X1A

*DR*

Soviet approach to Malaya: The Soviet delegation at the ECAFE conference in Kuala Lumpur has been campaigning vigorously for the establishment of diplomatic relations between the USSR and Malaya. Although the Soviet overtures have been rebuffed on the grounds that such

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relations are not practical as long as Communist terrorists remain active, the Malayan Government will be under mounting domestic pressure from increasingly articulate leftist and neutral elements to reverse its stand. [redacted]

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[redacted]  
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## II. ASIA-AFRICA

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Algeria: The upsurge in rebel activity noted in late January continues, especially in eastern Algeria. French officials deny that any specific step has yet been taken toward

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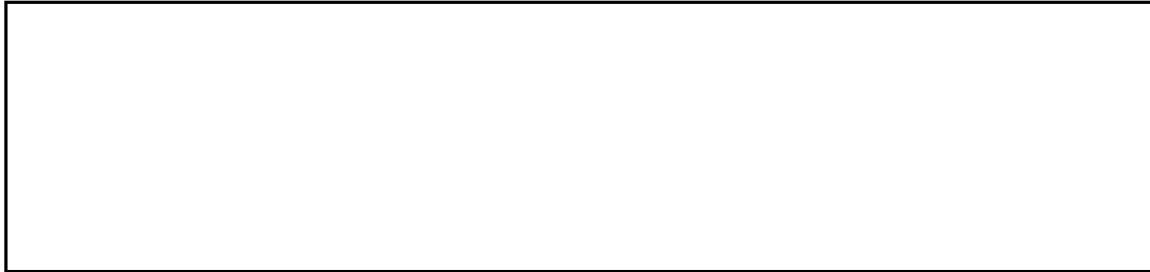
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the creation of a "no man's land" near the Tunisian frontier. Nevertheless, the recent forcible eviction by the French military of a large number of Algerians from a frontier village may have been an initial step toward the establishment of such a zone. [redacted] (Map)

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Saudi Arabia - USSR: King Saud states that, during the recent visit to Riyadh of the Soviet ambassador to Damascus, he rebuffed the ambassador's request for formal Soviet - Saudi Arabian diplomatic relations and turned aside a general Soviet offer of assistance. The Soviet diplomat, however, was allowed to visit the Dhahran air base. [redacted]

DR

Japan - Communist China: Private Japanese trade representatives have apparently accepted Chinese Communist terms in signing a one-year trade agreement, providing for \$100,000,000 volume each way and an exchange of permanent trade missions. Prime Minister Kishi has criticized the Japanese representatives for acceding to Communist China's demands for certain diplomatic privileges for its trade mission, particularly the right to fly its national flag in Japan. He said his government would "find it difficult" to approve these terms. [redacted]

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### III. THE WEST

Cuba: A serious political crisis may result if President Batista fails to include members of opposition parties

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DAILY BRIEF

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in his new cabinet, as suggested by the Roman Catholic hierarchy on 1 March. Batista, whose old cabinet resigned last week to enable most of its members to run for office in the 1 June general elections, has shown a strong inclination against the proposal, but open rejection would cause a wave of public protest which could prompt dissident army elements to attempt to seize power.

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## I. THE COMMUNIST BLOC

### Embassy Speculates Khrushchev May Take Over Soviet Premiership

Speculation has increased in diplomatic circles in Moscow that Khrushchev may replace Bulganin as premier, according to Ambassador Thompson. A logical time to retire Bulganin, whose prestige has been declining for some time, would be the first meeting of the newly elected Supreme Soviet, to be held sometime in April. On the assumption that Khrushchev would prefer to be the official number-one Soviet delegate at a summit conference, the ambassador believes the chances are about even that Khrushchev will take over the premiership in April if it is then clear that a summit meeting will take place at a reasonably early date.

While the question of Khrushchev's role at a summit conference may influence any decision on the premiership, internal political opposition to the personal dominance of one leader may restrain him. Leadership of government and party has not been formally entrusted to one man since Stalin's death, and Khrushchev is already vulnerable to the "cult of personality" charge. The embassy in Moscow has received information from a reliable source confirming that several members of the presidium were extremely annoyed at his action in publicly raising the question of the abolition of Machine Tractor Stations before discussing it in the presidium.

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Malaya Rejects Soviet Proposals for Diplomatic Exchange

Malayan Prime Minister Abdul Rahman's firm rejection of the Soviet proposal for establishing diplomatic relations, made by Deputy Foreign Minister Firyubin in Kuala Lumpur on 4 March, is in line with his policy of refusing formal relations with any bloc country until the ten-year-old Communist rebellion in Malaya is ended. Firyubin's approach culminated an informal campaign among Malayan officials by Soviet delegates attending the current ECAFE conference in Kuala Lumpur.

Since Malaya became independent last August there has been a marked growth in leftist and neutralist strength there which was reflected in left-wing electoral victories in local elections and a legislative council by-election last fall. This growth of neutralist sentiment and the probability of substantial leftist gains in the national elections in 1959 are likely to increase the pressure on the Rahman government to modify its adamant stand against relations with the bloc.

Moscow is exploiting the ECAFE conference to augment its diplomatic drive to expand relations in the area. Firyubin reiterated on 3 March an invitation of last January to the Thai premier to visit the USSR. The Thai leader, however, declined Firyubin's invitation. Soviet ECAFE delegates are also attempting to impress Malayans by suggesting the possibility of aid in the nuclear field, by invitations to Moscow, and by statements that the USSR would welcome all the rubber it can get. These moves follow a Soviet approach in November for a permanent trade representative in Malaya.

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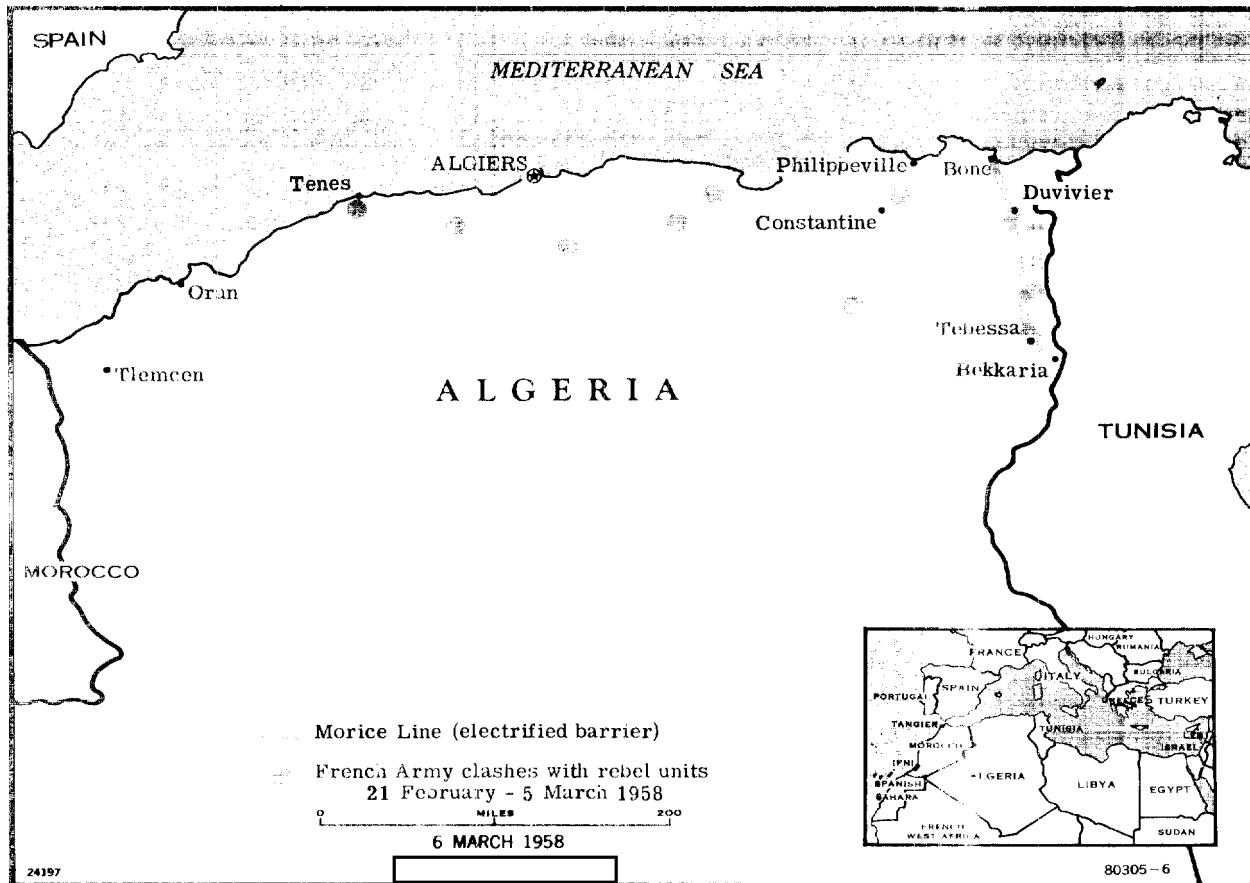
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The Situation in Algeria

Guerrilla activity by the Algerian rebels continues at the stepped-up level noted since late January and may presage a spring "offensive"--especially in the form of increased terrorist attacks in the cities--which will cause a still more serious deterioration in the security situation. Although sharp clashes and a rise in urban terrorism have been reported from all parts of northern Algeria, the rebels are particularly active in the eastern part of the country on either side of the "Morice Line," the electrified barbed-wire barrier erected along the Bone-Tebessa railway. The American consul general in Algiers has been informed by visitors from the Bone region that even main highways throughout that area are now unsafe and that the country-side is at the "complete mercy" of the rebels each night. French-released figures indicate that more French military personnel were killed last month than during any previous month of the rebellion and that both the quantity and quality of weapons now reaching the rebels have greatly improved.

Meanwhile, French officials in Paris and Algiers insist that the projected "no man's land" near the Tunisian frontier is still in the planning stage and would, in any event, consist of not more than a narrow border zone three to five miles in depth. However, the forcible eviction last month of some 3,000 Algerians from the border village of Bekkaria and its environs may have been regarded by some, at least among the military leaders who ordered the operation, as an initial step toward the creation of an interdicted zone along the entire frontier. At least some "scorched earth" tactics appear to have been applied to the area involved.

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King Saud Says He Rebuffed Soviet Approaches

King Saud has indicated that his policy toward the Soviet Union has not changed as a result of the visit to Riyadh this week by S. S. Nemchina, Soviet ambassador to Syria. Saud told Ambassador Heath that in response to Nemchina's persistent requests for the establishment of Saudi-Soviet diplomatic relations, he had replied that he felt no enmity toward Russia but that, in view of the international situation and his position as guardian of the holy places, the time is not propitious. When Nemchina asked if Soviet representatives would in the future be allowed to come occasionally to see the King, Saud, modifying his earlier stand, said this would depend on future events.

Saud also said he turned aside Nemchina's offer of economic or military assistance by saying that the Saudi Government expected to solve its financial problems with its new "austerity" budget. When Nemchina said he understood Dhahran airfield is a military base, Saud replied that it was not an "atomic base" for anyone. In response to Nemchina's request, Saud allowed the ambassador and a "personal interpreter" to visit the base on 2 March.

Saud's account of the interview with Nemchina does not mention the personal message to Saud from Bulganin which was the basis for the Soviet envoy's request to visit the King.

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Kishi Criticizes Trade Accord With Peiping Signed by  
Private Japanese Representatives

Private Japanese trade representatives apparently have violated government instructions in accepting all of Communist China's terms when they signed a one-year private trade agreement and an accord to exchange permanent trade missions with certain diplomatic privileges. The trade agreement, which calls for \$100,000,000 each way, differs from earlier agreements of this nature by providing for direct settlement of trade balances between Chinese and Japanese banks.

Japanese Prime Minister Kishi has criticized the accord, saying that his government would "find it difficult" to approve all the terms. He is particularly opposed to the provision which would permit Communist China to fly its national flag over the proposed mission in Japan.

The trade agreement has been received enthusiastically outside government circles in Japan and creates a dilemma for Kishi. Under pressure from all political elements, he has been attempting to expand trade with Communist China without extending formal recognition or violating COCOM controls. Complete rejection of the trade agreement and mission accord, both of which Peiping insists must be accepted before trade can increase appreciably, would almost certainly create a severe political handicap for Kishi, who must face elections by February 1959.

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### III. THE WEST

#### Appointment of New Cuban Cabinet May Precipitate Political Crisis

A political crisis is developing in Cuba over replacing the cabinet, which resigned last week to allow most of its members to run for office in the 1 June general elections. President Batista must now decide whether to accede to demands voiced by the Roman Catholic hierarchy on 1 March that he appoint a "national unity" cabinet including members of opposition parties--a course which would weaken his own position. His failure to do so may, [redacted] result in an attempt by dissident army elements to seize power. It would certainly cause a wave of public protest and lend support to charges that the June elections will not be free.

Rebel leader Fidel Castro is calling for a general strike before the end of March, but other important opposition groups oppose such a move. Leaders of the powerful Confederation of Cuban Workers (CTC), whose strong progovernment attitude was largely responsible for the failure of a strike attempt last August, may be modifying their pro-Batista stand in favor of a more neutral position. If so, this would provide a more favorable atmosphere for a strike attempt; without the active support of the CTC, however, a strike would have little chance of success. [redacted]

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