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19 May 1959

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CENTRAL

INTELLIGENCE

BULLETIN



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19 MAY 1958

I. THE COMMUNIST BLOC

Geneva - USSR plans to reopen question of Polish and Czech participation.

(1)

Matsus - Chinese Nationalists apparently precipitated shelling by attacking Communist junks nearby.

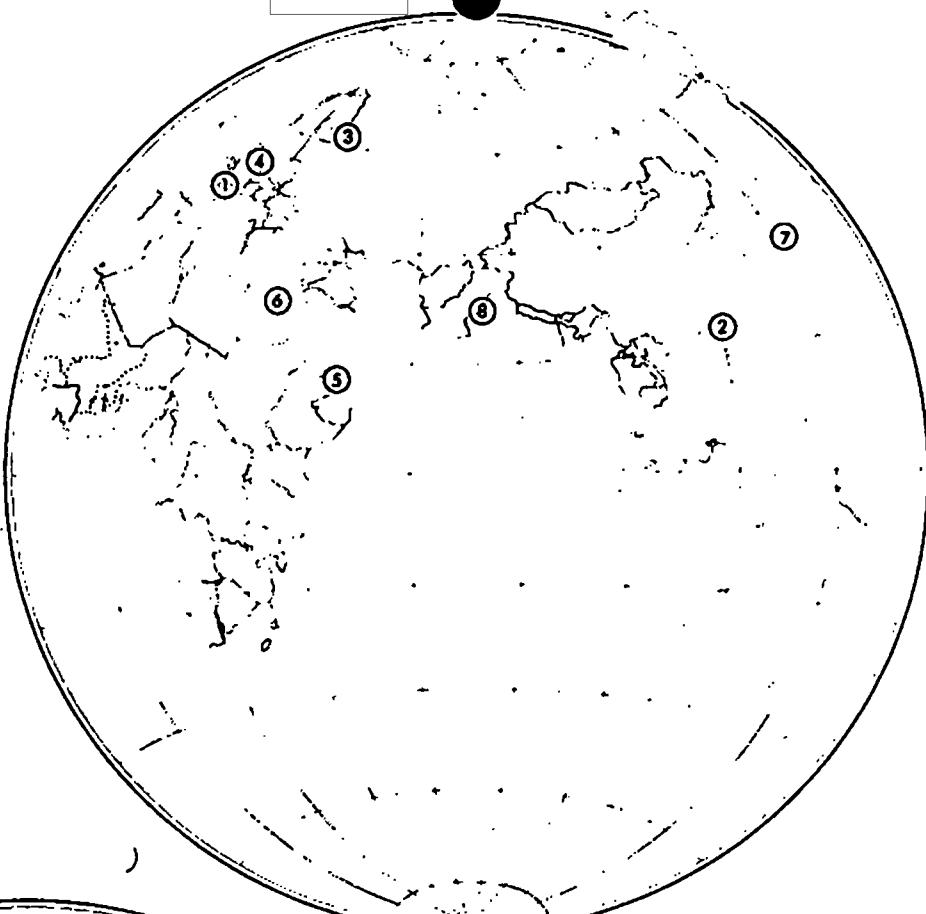
(2)

USSR may be building new class of guided-missile destroyers.

(3)

East Germany unable to stem flight of physicians to the West.

(4)

**II. ASIA-AFRICA**

Yemen - Army units revolt in northern capital of Sana.

(5)

Nasir facing discontent and possibly subversion in armed forces.

(6)

Kishi sharply rejects Soviet note calling for neutralization of Japan.

(7)

India-Pakistan - Outlook improves for settling Indus River dispute.

(8)

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SECRET**CENTRAL INTELLIGENCE BULLETIN**

19 May 1959

DAILY BRIEF*SIRAB***I. THE COMMUNIST BLOC****USSR-Geneva:**

Gromyko would again raise the question of Polish and Czech participation in a day or two. [redacted] the USSR would not allow the Geneva conference to break up over this issue and that it hopes the present meeting will clear the [redacted] ground for a summit conference. [redacted] totally rejected the idea of including East Berlin in a Berlin settlement. [redacted] token Soviet forces could be stationed in West Berlin along with troops of the three Western powers to guarantee West Berlin's status, with the East Germans performing all access-control functions.] [redacted] (Page 1)

OK

Taiwan Strait: [The Chinese Nationalists apparently initiated the incident of 17 May which ended in the first sizable Chinese Communist shelling of the main islands of the Matsu island group. The shelling followed an attack by Nationalist naval craft on a group of Chinese Communist junks, possibly fishing vessels, which approached within 5,000 yards of Matsu proper.] [redacted] (Page 2)

*OK***USSR:**

[redacted] the USSR may be building a new class of guided-missile destroyers. [redacted] the first identification of a class of warships designed specifically for these weapons, although some Kotlin-class destroyers have been converted to a missile-launching role. [redacted] (Page 3)

*ND**OK*

East Germany: Efforts of the Ulbricht regime to halt the flight of physicians to the West have not prevented the escape of 118 of them in April alone as compared with 208 for the first

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three months of this year. This presents East Germany with an increasingly serious problem which is compounded by the marked rise in flights to the West of engineers, technicians, and teachers. [] (Page 4)

II. ASIA-AFRICA

NO
***Yemen:** A mutiny among regular army forces in the northern capital of Sana on 18 May appears to have been short-lived,

The dissident troops had moved without proper authority and burned the homes of several high officials. By mid-afternoon of the 18th, Crown Prince Badr's representatives in Sana sought to reassure him that all troops were under control. Sana remains a center of opposition to Badr, who is in the southern capital of Taiz, and further disturbances are possible. [] (Page 5)

OK
UAR: [Since the first of the year the Nasir regime has retired, transferred, and in some cases arrested a large number of military personnel in Egypt and Syria including officers who were not in sympathy with Nasir's anti-Communist, anti-Iraqi campaign. The regime's security measures appear to be adequate, although the extent of the dissidence remains undetermined.] [] (Page 7)

OK
Japan-USSR: The Kishi administration is reacting firmly to counter the effects of the 4 May Soviet note calling for the denuclearization and neutralization of Japan. Its formal rejection of the note was the sharpest rebuke to date to Moscow for what Japan regards as interference in its affairs. The ruling Liberal-Democratic party apparently intends to make its pro-US policies the principal issue in the 2 June elections, in opposition to the Socialists' support of the neutralist propaganda line endorsed by the Communists. [] (Page 8)

OK
India-Pakistan: The outlook for settlement of the dispute over the division of the waters of the Indus River basin has improved as a result of India's generally favorable reaction to the

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new plan recently presented by the International Bank for Reconstruction and Development. Nehru, apparently desirous of reaching a settlement with Pakistan, [has indicated that India would substantially modify its earlier position although it still objects to some provisions in the plan] Pakistan has also indicated a desire to settle the issue, and is expected to react favorably. [] (Page 9) (Map)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Soviet Diplomats Comment on Geneva Conference

Gromyko would again raise the issue of Polish and Czech participation "in a day or two" but will not break up the conference over this. [redacted] reports that the USSR might eventually settle for Poland alone and expressed hope that the conference would clear the ground for a summit meeting.]

[redacted] rejected the idea of including East Berlin in a Berlin settlement, on the ground that it is the capital of the German Democratic Republic and has nothing to do with the main Berlin problem in Communist eyes--the elimination of "subversive" antibloc activities based in West Berlin.]

[In an apparent effort to test the American attitude toward an agreement confined to the Berlin problem.]

[redacted] token Soviet forces could be stationed in West Berlin along with troops of the three Western powers to guarantee West Berlin's status and access to the city, with the East Germans performing all access-control functions. This renewed indication of Soviet willingness to agree to some new arrangement which would allow the West to retain forces in West Berlin probably is part of Moscow's effort to break the Western "package" plan and induce the Western foreign ministers to discuss the Soviet proposals for a peace treaty and Berlin separately.]

[In his speech on receiving the "Lenin Peace Prize" on 16 May, Khrushchev stated that the Western plan contains "some questions which are worthy of examination and which we shall not oppose," but insisted they be discussed separately, not as part of "one big knot that cannot be untied."]

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~~SECRET~~Chinese Nationalists Initiate Incident Near Matsus

[Two Chinese Nationalist patrol craft in the Matsu island area on 17 May fired on some 20 Chinese Communist junks which had come within three miles of the island. The Nationalists claim to have sunk five junks and damaged ten others. Chinese Communist artillery joined in the engagement by firing at the Nationalist warships and at Matsu Island and Peikan Island, killing three and wounding four soldiers.]

[Nationalist propaganda has played up the incident as the first heavy Communist bombardment of these two islands but has omitted details of the preceding naval incident. American authorities on Taiwan believe that the Communist craft were fishing junks operating closer than usual to Nationalist territory and that the Communist shelling was retaliation for the naval attack on the junks. The Nationalists occasionally disperse such concentrations with their naval patrols.]

[The firing of approximately 286 rounds at Peikan and Matsu islands is the heaviest shelling of these islands to date. The heaviest shelling of any island in the Matsu group occurred on 15 September 1956, when 610 rounds were fired at Kaoteng, the northernmost island of the group.]

[The recent Communist firing suggests that Peiping will react sharply to Nationalist military actions it considers provocative. Chinese Communist propaganda continues to view the "liberation" of the offshore islands as a long-range goal and displays no sense of urgency.]

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~~TOP SECRET~~USSR Possibly Building New Class of Guided-Missile Destroyers

[redacted] the USSR may be building a new class of guided-missile destroyers. This ship is reportedly fitted with deck-houses fore and aft which are similar to the missile-stowage structure on the stern of the Kildin class, converted Kotlin destroyers.

Although the characteristics of the Kildin's missile system have not been determined, it is believed to be designed for surface-to-surface weapons. [redacted] It is estimated that a total of six Kildin units probably exist in the Baltic, Black Sea, and Pacific areas.

[redacted] missile test-firings have been conducted by destroyers in the Baltic and Black Seas and possibly the Pacific.

[redacted] the first identification of a Soviet building program involving a warship specifically designed for guided missiles.

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~~SECRET~~Flight of East German Doctors Continues

Despite the Ulbricht regime's efforts, through promises of less political pressure, to stem the flow of medical men to the West, the number fleeing in April rose to 118 compared with 208 in the preceding three months. The critical shortage of doctors arises from the flight of some 1,242 medical men in 1958 and a total since 1954 of more than 3,000. As a consequence, the entire district of Frankfurt/Oder, to use one example, reportedly has no eye doctor. Regime plans to import medical men from other bloc countries appear to be lagging, and the program apparently will not go into effect until late June.

The proportion of professionals in the April total of 15,764 refugees applying for asylum in West Germany and West Berlin was much higher than in previous months. The flight of 215 engineers and technicians will intensify the regime's difficulties in fulfilling its ambitious plans for economic expansion. Some 2,845 fled last year, bringing the total loss in this category since January 1954 to more than 11,000. The regime also will feel the continuing loss of teachers--164 in April and a total of almost 13,000 since January 1954. This situation has already forced the East German regime to initiate a hasty recruiting campaign to enlist politically reliable personnel to carry out its much-advertised "polytechnical education" schemes. [redacted]

[redacted]

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II. ASIA-AFRICA

Army Revolt in Yemen

A mutiny which broke out on the morning of 18 May among regular army forces in Yemen's northern capital of Sana appears to have been short-lived, [redacted]

[redacted] Although the motives and details remain unclear, dissident troops burned the houses of several high-ranking officials in Sana and seized several officials as hostages.

Crown Prince Badr's initial reaction was to attempt to rally loyal members of the reserve forces in Sana to eject the army troops from the city, and to appeal to all army units for support. By mid-afternoon, however, the crown prince, who is in the southern capital of Taiz, was assured by his representatives in Sana that all troops there were under control and that no further action was necessary "unless something new happens." Further disturbances in Sana are possible.

The dissidents may include army troops moved out of Sana by Badr in mid-April when he attempted to consolidate his position there prior to his father's departure for medical treatment in Italy. An organized group of Yemeni army officers and northern tribal leaders has been plotting action against Badr since his return from Egypt in early April. These conspirators represent conservative, strongly nationalist, patrician tribal interests, who traditionally elect each new Imam and oppose the present Imam's designation of his son as crown prince.

Recognizing Sana as the center of opposition, Badr sent units of his personal bodyguard there, replaced officials of questionable loyalty, and put an Egyptian officer in charge of the police. Later, on 20 April, Badr's representatives arrested several conspirators and tightened security measures in Sana still further.

Although the objectives of the dissident army troops have not been made clear, they presumably hoped to attract support

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from other army garrisons, and from the northern tribes which dominate Yemen and which provide most of the army's manpower. The government's authority has been deteriorating in northern Yemen, and dissidence has also recently flared in the arid "Jauf" region east of Sana. Yemen's "army" numbers about 10,000 poorly trained men, scattered about the country in small units. In addition, there are several royal bodyguard battalions, and possibly several thousand "reserve forces"--tribal irregulars called up for duty this spring when signs of disaffection appeared in the army.

The royal guard and some regular army units have received some training from Egyptian and Soviet-bloc instructors, and a few of the units are equipped with Soviet-bloc heavy weapons, including armored cars, tanks, and medium artillery. Badr also has 30 Il-10 piston attack aircraft at his disposal, but would presumably require foreign pilots to use them effectively.

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~~SECRET~~**UAR Military Plotting Reported**

[Communist-inspired plotting against the Nasir regime has been reported within both the Egyptian and Syrian armies. [Cairo's General Intelligence Agency on 2 May uncovered a Communist-led plot to seize control of the Second (Egyptian) Army. No officers were apprehended, but more than 200 noncommissioned officers and enlisted men reportedly were arrested.]

[another Communist plan, involving the First (Syrian) Army and aimed at securing Syria's separation from the UAR. The Syrian plot allegedly involves former Syrian Chief of Staff Afif Bizri, now in "exile"; Amin Nafuri, formerly Bizri's deputy chief of staff and now UAR minister of communications; and Col. Akram Dayri, present Syrian Army chief of plans.]

[During the past six months Nasir has taken several security measures within the Syrian Army, including transfer or retirement of personnel not in sympathy with his anti-Communist, anti-Iraqi campaign. The uncovering of the Communist plot in Egypt is additional evidence of the regime's awareness of the problem of dissidence within the military as well as illustrative of its ability to act against such elements.]

[The regime's past record of efficiency in dealing with opposition suggests that no attempt directed against it in the near future is likely to succeed. However, the degree of Communist infiltration of the military is uncertain, and there may also be growing anxiety among military personnel who fear that Nasir's present anti-Communist stand will cost the UAR the help now being provided by the USSR for the build-up and training of the armed forces. Some officers may also be disturbed by the apparent "deviation" of the Nasir regime from an anti-Israeli to an anti-Communist jihad.]

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~~CONFIDENTIAL~~Tokyo Rebukes Soviet Call for Neutral Japan

The Kishi government has handed the Soviet Union a strongly worded rejection of a Soviet note of 4 May calling for a denuclearized and neutral Japan. With the Socialists expressing support for the Soviet proposal, this issue is likely to be the major political factor in the 2 June upper-house elections as well as in subsequent Diet deliberations on a revised US-Japanese security treaty later in the year. In a rare show of unanimous support for the government, the Japanese press has backed the Foreign Ministry's reply, asserting that it represents the view of the majority of Japanese people, and criticized the Socialists for endorsing the Soviet stand.

Tokyo's formal note to the USSR, its sharpest rebuke to date of Soviet interference in Japanese internal affairs, asserted that each country must make its own decisions on national defense questions and pointed out that, while the USSR pretends to favor a neutral policy for other countries, in practice it severely criticizes Communist countries which dare to adopt a neutral course, i.e., Yugoslavia.

The note, in rejecting Soviet charges that Japan is arming with nuclear weapons, contended that it is not the Japanese Government's policy to arm its forces with such weapons or to permit their introduction to Japan. [The latter is an obvious reference to possession of nuclear weapons by US forces in Japan--a problem which is under negotiation in current discussions to revise the US-Japanese security treaty.] The Japanese vice foreign minister, in delivering the note to Soviet Ambassador Fedorenko, said that the nuclear issue could be solved immediately if the USSR volunteered to denuclearize itself.

Meanwhile, Prime Minister Kishi in his election campaign has argued strongly for his administration's pro-US, pro-Western policies and accused the Japanese Socialists of pursuing a course which would make Japan a Communist satellite. He has charged that the defense and foreign policies of the Socialists are carbon copies of Sino-Soviet bloc policies. As in the case of the Japanese lower-house elections a year ago, the USSR may have given Kishi and his Liberal-Democratic party a tailor-made issue for successful exploitation in the election campaign.

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~~SECRET~~India Reacts Favorably to New Indus Canal Waters Plan

[The recently presented plan of the International Bank for Reconstruction and Development (IBRD) for division between Pakistan and India of the waters of the Indus River basin has received a generally favorable reaction from Prime Minister Nehru. Nehru, [redacted] wants to reach settlement with Pakistan and has indicated that India would substantially modify its earlier position on the dispute.]

[India and Pakistan have agreed for several years on the basic principle for dividing the waters of the Indus basin--India to use the water of the three eastern rivers and Pakistan the three western rivers. The dispute has been concerned with the location and cost of the dams and canals needed to divert water from the three western rivers to replace the water Pakistan now receives from the eastern rivers.]

[Despite his generally favorable reaction, Nehru still objects to some provisions of the new plan. New Delhi believes the IBRD's estimate of a total cost of \$500,000,000--of which India would supply \$250,000,000--is too high, although India would be willing to provide considerably more than its earlier offer of \$156,000,000. It also objects to the provision calling for India to supply Pakistan with water from the eastern rivers for ten years. A more difficult issue is India's objection to the plan's provision for a major storage dam in Pakistan-held Kashmir, which New Delhi fears would prejudice its position that all of Kashmir belongs to India.]

[IBRD President Black left New Delhi for Karachi on 16 May to present the plan to Pakistan. Black told US officials in Karachi on 18 May that Pakistani officials had also reacted favorably and he was quite optimistic about the outcome of the negotiations.]

[redacted]

[redacted]

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~~CONFIDENTIAL~~**THE PRESIDENT****The Vice President****Executive Offices of the White House****Special Assistant for National Security Affairs****Scientific Adviser to the President****Director of the Budget****Office of Defense and Civilian Mobilization****Special Assistant for Security Operations Coordination****Board of Consultants on Foreign Intelligence Activities****Special Assistant for Foreign Economic Policy****Executive Secretary, National Security Council****The Treasury Department****The Secretary of the Treasury****The Department of State****The Secretary of State****The Under Secretary of State****The Under Secretary of State for Economic Affairs****The Deputy Under Secretary for Political Affairs****The Deputy Under Secretary for Administration****The Counselor****Director, International Cooperation Administration****The Director of Intelligence and Research****The Department of Defense****The Secretary of Defense****The Deputy Secretary of Defense****Assistant Secretary of Defense for International Security Affairs****The Secretary of the Army****The Secretary of the Navy****The Secretary of the Air Force****The Chairman, The Joint Chiefs of Staff****Commandant, United States Marine Corps****The Director, The Joint Staff****Chief of Staff, United States Army****Chief of Naval Operations, United States Navy****Chief of Staff, United States Air Force****Assistant to Secretary of Defense for Special Operations****Director for Intelligence, The Joint Staff****Assistant Chief of Staff for Intelligence, Department of the Army****Director of Naval Intelligence, Department of the Navy****Assistant Chief of Staff, Intelligence, Department of the Air Force****Supreme Allied Commander, Europe****Commander in Chief, Pacific****The Department of the Interior****The Secretary of the Interior****The Department of Commerce****The Secretary of Commerce****Federal Bureau of Investigation****The Director****Atomic Energy Commission****The Chairman****National Security Agency****The Director****National Indications Center****The Director****United States Information Agency****The Director**~~CONFIDENTIAL~~

INDO-PAKISTANI CANAL SYSTEMS

