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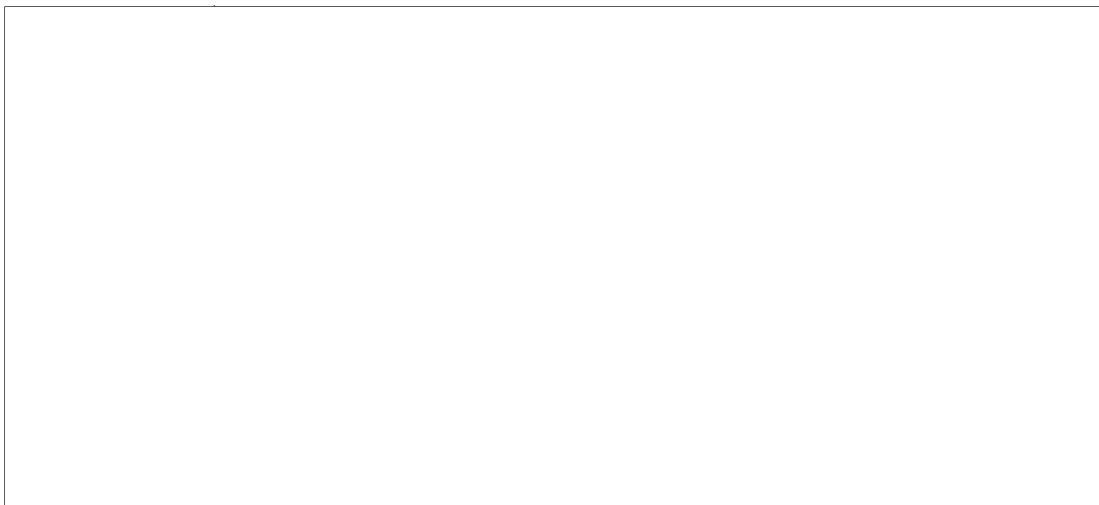
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CONTENTS

1. MIDDLE EAST OIL PROBLEMS [redacted]
(page 3).
2. EGYPTIAN-SPONSORED FEDAYEEN OPERATIONS [redacted]
[redacted] (page 5).
3. SYRIANS SEEKING "UNUSUAL" TYPE OF JET FUEL
[redacted] (page 6).
4. JORDAN ARMY CHIEF BIDS FOR AMERICAN AID [redacted]
[redacted] (page 8).
5. THE SITUATION IN HUNGARY [redacted]
(page 10).
6. ITALIAN SOCIALIST REUNIFICATION REPORTED BROUGHT
NEARER BY SOVIET INTERVENTION IN HUNGARY [redacted]
Noforn) (page 12).
7. SOVIETS IN EAST GERMANY ACCELERATE DEPARTURE
OF DEPENDENTS [redacted] (page 13).
8. LAOTIANS VACILLATE ON PATHET LAO INTEGRATION
ISSUE [redacted] (page 14).

~~TOP SECRET~~ [redacted]

~~TOP SECRET~~

1. MIDDLE EAST OIL PROBLEMS

Saudi Arabia, which has ordered the Arabian-American Oil Company to stop exporting oil and oil products to Britain and France, has shut off the flow of its crude oil--some 170,000 barrels per day--to the refinery in Bahrein. This will cause^a virtual shutdown of the refinery, which normally runs 200,000 barrels per day.

No Saudi oil from the ARAMCO Tapline is being loaded on British or French tankers at Sidon, Lebanon.

[redacted] the Saudi government expects the Soviet bloc to buy some of this oil. ARAMCO reports a 20-percent cut in its normal production of nearly a million barrels a day.

The Kuwait Oil Company, which normally produces slightly over a million barrels a day, may cut back to 75 percent in two weeks because of a shortage of tankers, which must now make the trip around Africa.

Reports on 8 November from Beirut on the damages to the Iraq Petroleum Company's pipeline through Syria indicate that pumping stations T-3 and T-4 are completely destroyed. T-2 pumping station has suffered extensive damage. The company's local superintendent stated that if the other stations were bypassed by new pipe, T-1 pumping station in Iraq could deliver some 80,000 barrels per day to the Mediterranean. This flow could be established in a few days if the Syrian government were willing.

Egyptian-directed terrorist activities against British and French installations continue and sabotage

~~TOP SECRET~~

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against other facilities by local nationalist elements remains possible.

[redacted] the imam of Yemen has distributed arms to the tribes in the British protectorate of Aden and "the airfield, the refineries, and the camp are to be attacked." (TOP SECRET EIDER NOFORN)

~~TOP SECRET~~

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2. EGYPTIAN-SPONSORED FEDAYEEN OPERATIONS

[redacted] Cairo has or-

dered the cessation of fedayeen activities in Israel and has forbidden operations against American installations. It has, however, ordered the continuation of sabotage operations against British and French "installations." Agents in Amman were ordered to carry out the Mafraq operation, presumably an attack on the British installation at Mafraq airfield in Jordan.

[redacted] Egyptian agents, [redacted]

shipped demolition materials to Kuwait [redacted]

Fedayeen activities are still being carried on against Israel, presumably by parties already in Israel and out of contact with headquarters. These activities may provoke Israel into a major retaliatory raid against Jordan and/or Syria. Israel was reportedly set to strike into Jordan [redacted] but apparently reversed the decision at the last minute. [redacted]

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~~TOP SECRET~~

3. SYRIANS SEEKING "UNUSUAL" TYPE OF JET FUEL

The Syrian air force has asked the president of the Beirut Socony organization, the exclusive supplier of all Syrian air force fuel, whether Socony could supply an "unusual type" of aircraft fuel. The Syrians expressed interest in fast delivery and insisted on secrecy in the negotiations.

The Socony representative informed the Syrians that it would be impossible to supply such a fuel in quantities of less than 700 to 800 tons. The Syrians seemed not to be impressed but gave no indication of actual quantities required. They also were interested in price, but indicated it was no obstacle.

Comment

The detailed specifications furnished by the Syrians match exactly those for jet fuel TS-1, one of the standard jet fuels used by the Soviet air force.

In late August, most of the 24 MIG fighters and two jet trainers Syria had ordered earlier from Czechoslovakia were delivered to Egypt for assembly and pilot training before flying to Syria. Their arrival in Syria has not been confirmed.

There are only two airfields in Syria suitable for continued use by jet aircraft, but three other fields are suitable for limited use. The possible existence of a "crash" program to prepare Syrian airfields to accommodate high-performance jet aircraft is

proceeding to complete the airfield at Hama quickly, and to have the remaining Syrian airfields ready before the end of the present month." Storage facilities

~~TOP SECRET~~

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immediately available in Syria for jet fuel are estimated at between 4,000 and 5,000 metric tons.

MIG fighter aircraft are estimated to require about one ton of fuel per plane per hour.

~~TOP SECRET~~

~~TOP SECRET~~

4. JORDAN ARMY CHIEF BIDS FOR AMERICAN AID

Jordan's army chief Nuwar told the American army attaché in Amman on 9 November that he must get military and economic aid and that if the United States would put up money and arms he would dissolve parliament, take over the government and guarantee Communism would be prevented from dominating Jordan. He said that if he does not get aid from the United States, he will get it from the Soviet Union.

Nuwar said that Communist influence was gaining rapidly in Jordan and if the United States wants to salvage anything in Jordan it must act immediately. He said the aid must be in sufficient volume to compensate for British aid, "which will soon be ended." Nuwar

strongly urged his approach be treated with utmost secrecy and that it not be discussed with King Hussain.

indicated Jordanian government concern that the British subsidy of some \$33,000,000 annually might be stopped or that "the turn of events will force Jordan to refuse it."

the Soviet military attaché in Damascus, had intimated the USSR is prepared to pay the subsidy to Jordan which Britain now pays and to arm the national guard.

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~~TOP SECRET~~

[redacted] Egypt,

Syria, and Saudi Arabia have previously offered to undertake the support of the Jordanian national guard, and have discussed subsidizing Jordan if it would abrogate the Anglo-Jordanian treaty.

Soviet actions and statements in the Suez dispute have generated considerable popular pro-Soviet opinion in the Arab states, and the Jordanian government is reported under considerable pressure to establish diplomatic relations with the USSR, and to abrogate the tie with Britain.

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5. THE SITUATION IN HUNGARY

Virtually all organized resistance in Hungary apparently has ended. American correspondents who were allowed to leave Budapest on 10 November reported that, although some armed groups of "freedom fighters" were in evidence, they saw no fighting while en route to the Austrian border. In a major address on the morning of 11 November, Premier Kadar claimed that, except for a few small armed groups and snipers in Budapest and along the roads leading to the northwest from the city, the "armed revolt" has been "crushed." The Budapest radio has implied that officers and men of the Hungarian army will soon arrive in the city to assist the Soviet units in maintaining order.

The virtual cessation of fighting appears
to be confirmed

The Kadar regime, faced with the monumental task of restoring order, has been relatively frank in its public discussions of the present "grave" state of affairs. Its current program emphasizes the need for economic order by urging a return to work and the restoration of transportation facilities, and the maintenance of civil order. The regime has appealed to the population to support the "liberal and national" Communist aims of the government.

A variety of regime statements over Radio Budapest reflect in detail the magnitude of the government's problem: pleas for the transportation of food supplies to and within Budapest have not abated; children in Budapest have been warned to stay off the streets because of the danger of "unexploded shells and damaged buildings"; the Ministry of Health

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has warned the people of Budapest of the "dangers rising out of the deterioration of public health conditions"; a county in the provinces has hailed with some pride the movement of trains within the county and promised on 10 November that "one or two trains will today move outside the county"; and a regime spokesman has said that Budapest workers were sitting "idly while our beautiful capital city is being destroyed."

Premier Kadar's efforts to gain popular support have included, in addition to his earlier promises of a free and independent Hungary which will negotiate for the withdrawal of Soviet troops, assurances of the continued use of the Kossuth national emblem which was officially adopted by the Nagy regime, the continued "freedom" of the trade unions, and a substantial increase in workers' wages. A press report claims that, in an additional attempt to woo the public, Kadar recently conferred with ex-premier Nagy--presumably in an effort to persuade Nagy to join the government. The regime has condemned Nagy for his tactics during the revolution, but has not accused him of treachery and has denied reports of his arrest.

The ability of the Kadar government to impose its will by alternately issuing promises, pleas and decrees is, at best, dubious. The regime's authority at present is weak and its organs are still in the process of reorganization. Most workers appear to be on strike, most of the Hungarian army has been dissolved or disarmed, and the Hungarian police forces have proved themselves inadequate to maintain order. The population can be expected to withhold its support as long as the Soviet troops remain in Hungary and as long as the present ruling diumvirate of Kadar and Muenich remains in power. [redacted]

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**6. ITALIAN SOCIALIST REUNIFICATION REPORTED
BROUGHT NEARER BY SOVIET INTERVENTION IN
HUNGARY**

[Redacted]

Adoption by Nenni's Italian Socialist Party of an official position which clearly opposes that of the Italian Communists on the Hungarian situation is

"the final step in cementing Socialist unification."

[Redacted]
[Redacted] no more than 20 percent of Nenni's party will defect to the Communists if his party merges with Saragat's Democratic Socialists.

Comment

Events in Hungary have accelerated the deterioration of the Italian Communist Party, and may prove the decisive factor in impelling Nenni to break with his Communist allies. If the present trend continues, Nenni may expect to lose a considerable number of his followers unless he breaks with the Communists.

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7. SOVIETS IN EAST GERMANY ACCELERATE DEPARTURE OF DEPENDENTS

The processing of dependents' baggage at Wuensdorf, one of the processing centers in East Germany, has been increased to three or four times normal rate. The Soviet commandant at Wuensdorf Railroad Station expects this rate of travel to continue for two months. On 31 October railroad authorities were ordered to open new baggage processing centers at Potsdam and Eberwalde.

During early November trucks heavily loaded with military equipment and household goods were observed moving from Oranienburg toward the Potsdam area each evening. Most of the baggage is being shipped in the name of the dependent to scattered destinations in the USSR rather than in the name of the officer to a new duty station. A general lack of preparedness indicates that the movement orders were unexpected.

[redacted] all Soviet women in East Germany have been ordered to be prepared for sudden departure since a movement order may be expected at any time [redacted]

Comment

This accelerated shipment of dependents from East Germany reflects the tense situation in the Satellites and, possibly, Soviet doubts as to the security of the principal routes of evacuation through Poland.

Soviet [redacted]

[redacted] personnel fighting in Hungary were concerned over the welfare of their families and the evacuation of dependents. [redacted]

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8. LAOTIANS VACILLATE ON PATHET LAO INTEGRATION ISSUE

Comment on:

Although the Laotian government initially indicated that it would integrate only 300 Pathet Lao soldiers into the royal army, the army chief of staff now estimates that some 5,000 Pathet troops will volunteer for integration. Of this number, he felt that 3,000 "might" be rejected by various screening devices, but indicated that nothing much could be done if the Pathets were to "balk" at being assigned to reindoctrination centers. Questioned about a report that the Pathet Lao had increased its effective force by 1,600 men since the 5 August cease-fire agreement to improve its bargaining position, he replied that the government had no way of proving figures of Pathet strength.

The government has already made dangerous concessions to the Pathet Lao on other issues, and the army chief's defeatist attitude on integration of the armed forces suggests that this issue will be settled on terms which will weaken the integrity of the army. The American embassy's comment on the general's vacillation is that it "does not augur well for a successful outcome" of the forthcoming negotiations on integration.