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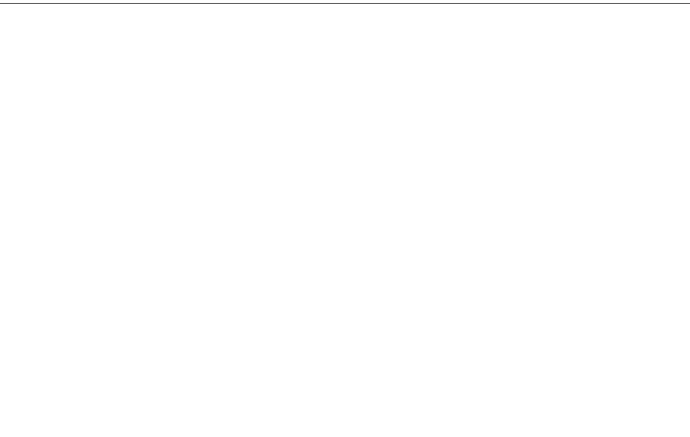
OFFICE OF CURRENT INTELLIGENCE

CENTRAL INTELLIGENCE AGENCY

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1. DOMINICAN REPUBLIC INTERFERING IN GUATEMALAN POLITICS

Comment on:

[redacted] There is substantial evidence that the Dominican Republic is interfering in Guatemalan pre-election politics [redacted]

[redacted] there is as yet no indication that the Dominican government was involved in the assassination of Castillo Armas.

One objective of the Dominican plan is to neutralize the Guatemalan air force or gain its support to fly arms into Guatemala in order to install by force the Dominican-supported candidate should he fail to win the election reportedly planned for late December. [redacted]

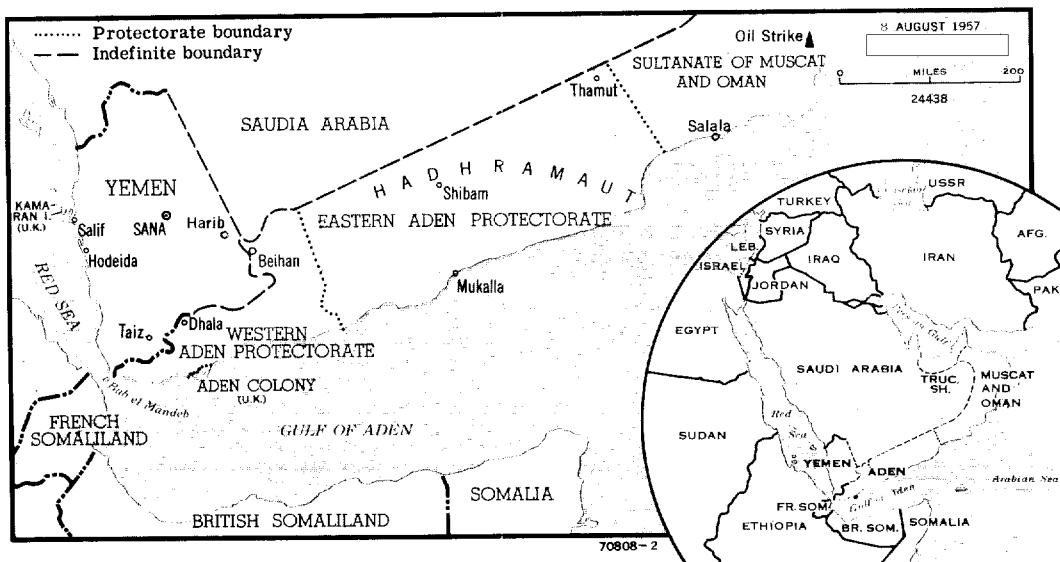
2. BRITISH-YEMENI HOSTILITIES ON THE ADEN PROTECTORATE FRONTIER

Comment on:

RAF and British-led ground operations against Yemeni forces, which have seized an area claimed by the British-supported ruler of Beihan in the Western Aden Protectorate, have continued during August. Despite the aerial attacks, the Yemenis remain established on the commanding terrain which,

they first occupied in late June. The Yemenis, are reinforcing their positions in the Harib-Beihan border area, where they are now estimated to have a force of 400 to 500 Yemeni regular and irregular forces.

The British communiqué issued on 8 August accused the Yemenis of having seized the high ground in Beihan territory to prevent British observation of their build-up of troops and armaments around Harib. The communiqué added that Yemeni forces would be attacked by Aden security forces as long as the Yemeni government allowed its forces to occupy



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Protectorate territory. The most recent reported RAF attack was on 5 August.

[redacted] the Yemenis are building a road into the occupied region, the only extensive area in the Protectorate suitable for movement of the armored vehicles which the Yemenis have recently received from the Soviet Union. Soviet weapons have not yet, however, been identified in the border fighting. Yemeni control of this area would open the way for extension of subversive influence into the Eastern Aden Protectorate, via the valley of the Hadhramaut, where, according to recent geological findings, there may be oil deposits.

Yemeni propaganda has portrayed the British counteraction as "aggression" against Yemeni territory, and now seeks to link British military action in Aden with British efforts to suppress the revolt in Oman.
[redacted]

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3. FRENCH NATIONAL ASSEMBLY TO BE CALLED INTO SPECIAL SESSION ON ALGERIA

The French National Assembly will be called into special session to enact a basic statute for Algeria before the UN General Assembly meets this fall, according to the chief of Premier Bourges-Maunoury's personal staff. Minister for Algeria Robert Lacoste's "definitive" text of the proposed statute is now being examined by the government.

According to Lacoste's personal representative in the Foreign Ministry, the plan now being considered divides Algeria into a number of areas with administrative autonomy. Another official on Lacoste's staff in Algeria states that tentative approval of Socialist, Popular Republican and Independent leaders has already been obtained to set up four or five territories on an ethnic basis.

Comment

It is becoming increasingly apparent that the government's strategy will couple a plan of ethnic gerrymandering to satisfy the French assembly, with a proposal of regional autonomy to head off attacks in the UN. Paris is sending Under Secretary of State for European Affairs Maurice Faure on a tour of Asian capitals in September to explain France's Algerian policy in the hope of winning wider support in the UN. A global "counterpropaganda" organization to deal with North African questions has also been established by the French government.

The separation of the Saharan area of Algeria from the northern coastal region has already begun, and the division of this area on 7 August into two departments under the minister for the Sahara is another step in this direction.

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**4. ARMS SHIPMENT VIA TANGIER REPORTEDLY TURNED
OVER TO ALGERIAN REBELS IN MOROCCO**

[redacted] A shipment of 33 cases of arms and ammunition which arrived in Tangier on 17 June was transferred by truck on the night of 26-27 July to Tetuan, where it was turned over to the Algerian rebel representatives in Morocco [redacted]

[redacted] This consignment, originating in West Germany, was removed from the port of Tangier by a Moroccan security official after Moroccan Security Director Laghzaoui had arranged an import permit and customs waiver. The permit listed the consignment as "materiel" destined for a Tangier riot police unit which does not exist. [redacted]

Comment

According to earlier reports, this shipment consists of two tons of automatic weapons and ammunition ordered for the Algerians by the Moroccan government. The munitions were shipped by the Otto Schlueter firm in Hamburg, which has sold arms to the Algerian rebels on several occasions in the past 18 months.

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**5. POLES ALTER OPINION OF SOVIET
PRESIDIUM SHAKE-UP**

[Redacted]

Polish optimism over the recent changes in the Soviet leadership is now being moderated by more sober evaluation, according to Wladyslaw Bienkowski, Polish minister of education and confidant of party

leader Gomulka. Bienkowski now believes that no common policy toward Eastern Europe could have existed among those dismissed since Molotov and Malenkov represented an "impossible amalgam." The changes therefore probably will not affect Soviet policy toward Eastern Europe, he feels, and will not necessarily weaken dogmatism and sectarianism in the USSR.

Comment The continued stability of the "Stalinist" leadership in both Czechoslovakia and East Germany, as well as the Bulgarian dismissals of possible anti-Stalinists, may have contributed to this altered Polish evaluation of Soviet policy toward Eastern Europe. Both the Poles and the Yugoslavs now have expressed their belief that Stalinist elements have not been fully eliminated from the leadership of the Soviet Union and, consequently, that dramatic Soviet liberalization of policy toward the Satellites is not to be anticipated.

Poland has apparently been encouraged, however, by the effect of the Kremlin shake-up on Soviet-Yugoslav relations. The number of favorable Polish press references to Yugoslav developments has increased markedly in the past month. The official Polish reaction to the Tito-Khrushchev visit placed primary emphasis on the refusal of either country to impose its own opinion in determining the form of socialist development.

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6. FINNISH COMMUNIST LEADER PREDICTS FURTHER SOVIET LEADERSHIP CHANGES

A high official of the Finnish Communist Party recently predicted [redacted]

[redacted] that there will be further important changes in the Soviet leadership in the near future, [redacted]. This official reportedly declared that not all supporters of the Molotov group had been deposed in June and plainly suggested that Bulganin and Voroshilov were among them.

It was said that the Soviet party would hold consultations soon on the question of "adopting a new line" with respect to the Satellites, the non-Communist world, and domestic affairs.

The Finnish Communist reportedly stated that "rather serious difficulties" had arisen recently in the Baltic countries from "lack of democracy." A 26 February disorder in the Estonian capital of Tallin, which was forcibly suppressed by the militia, and unspecified expressions of unrest in Lithuania at the end of March and the beginning of April were cited. [redacted]

Comment The recall to Moscow of an unusually large number of Soviet diplomats suggests that foreign policy discussions are already under way. Khrushchev reportedly told former Indonesian premier Ali Sastroamijojo in a recent conversation that the USSR's basic foreign policy will remain unchanged but that new methods will be adopted, with a special accent on peace. He did not elaborate on this generalization, but it is presumably these "methods" which are now under discussion.

The recall of diplomats may also result in the weeding out of individuals having close connections with the deposed leaders.

No reports of unrest in the Baltic countries have been received since last fall.

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7. ITALIAN OIL COMPANY REPORTEDLY MOVING INTO SAUDI ARABIA AND LIBYA

[Redacted] Enrico Mattei, president of the Italian National Petroleum Company (ENI), [Redacted]

[Redacted] is negotiating with Saudi Arabia and expects to receive oil exploitation rights covering approximately 210,000 square miles. [Redacted]
[Redacted]

Comment Mattei has already challenged the established pattern of 50-50 profit sharing for foreign concessions in Italy and Iran, where ENI's March agreement is under consideration by the Majlis.

Although ENI is developing natural gas deposits and refining and distributing gas and oil products, it has had little success in finding crude deposits in Italy, and Mattei now appears to be trying to force his way into profitable foreign operations.

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8. RENEWED TENSION IN THAILAND

The American embassy in Bangkok believes that political tensions in Thailand are nearing a climax. The assembly began a general debate on the Phibun government's policies on 8 August.

The role of Marshal Sarit, the reportedly disaffected army chief and defense minister, would be the key factor in any assembly effort to unseat the government.

Sarit, however, tends toward indecision and failed to exploit an opportunity to seize power during the postelection riots in March.

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9. INDONESIAN COMMUNISTS URGE COOPERATION OF OTHER PARTIES

Indonesian Communist Party Secretary General Aidit has called for cooperation from other parties, joint administration, and joint responsibilities in furthering President Sukarno's "nation-saving concept." In a campaign speech in West Java on 3 August, Aidit pointedly told the National Party and the Nahdlatul Ulama that in joining the Masjumi in an anti-Communist front they would be turning their backs on Sukarno, whereas cooperation would have his blessing.

Comment

The two major Moslem parties, the Masjumi and the Nahdlatul Ulama, have adopted an outright anti-Communist line in the West Java campaign leading up to local elections scheduled for 10 August. The National Party, however, possibly could be persuaded to cooperate on both national and local levels in the hope of retrieving its former strength.

The Communist Party already has strong influence in the central government, and on the basis of its gains in the Central and East Java local elections is pressing for open participation in the cabinet.

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Watch Report 366, 8 August 1957
of the
Intelligence Advisory Committee



Conclusions on Indications of Hostilities

On the basis of findings by its Watch Committee, the Intelligence Advisory Committee concludes that:

- A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
- B. No Sino-Soviet bloc country intends to initiate hostilities against US forces abroad, US allies or areas peripheral to the orbit in the immediate future.
- C. Early deliberate initiation of hostilities by Israel or the Arab states is not probable. Although tensions continue between the Arab states and Israel and among certain Arab states themselves, these are not likely to lead to serious conflict in the immediate future.

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