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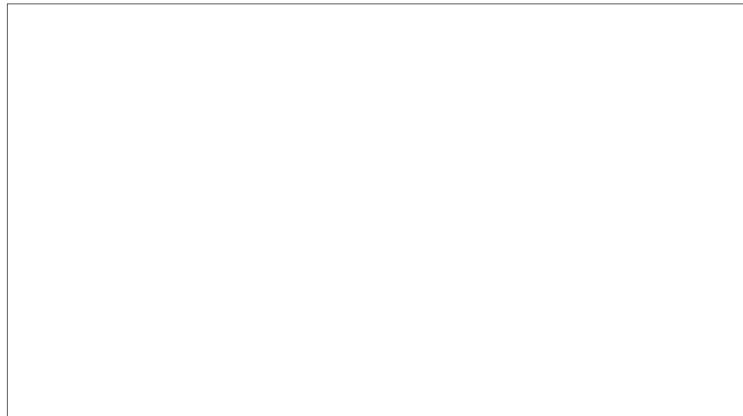
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**1. INDONESIA SEEKING ARMS FROM YUGOSLAVIA
AND SOVIET BLOC**

Comment on:

[redacted] Indonesia apparently has definitely decided to turn to Yugoslavia and the Communist bloc for arms.

[redacted] Indonesia is proceeding with plans to purchase military equipment from Yugoslavia, Czechoslovakia, and Poland.

A Danish munitions firm reported that Indonesia had dropped negotiations for the cash purchase of arms, explaining that materiel will be obtained on credit from Czechoslovakia and Yugoslavia. American Ambassador Riddleberger in Belgrade assumes that a 27 December visit to Tito by the Indonesian ambassador and a group of high-ranking Yugoslavs was the beginning of arms negotiations. Colonel Jani, Indonesian deputy army chief of staff, will head a purchasing mission to Yugoslavia, Czechoslovakia, and Poland, according to the American Embassy in Djakarta.

The Indonesian army has long been eager to re-equip its forces. Although most army leaders would prefer to purchase equipment from the West, political pressures have increased to accept arms from the bloc. The army is believed to be chiefly interested at present in small arms, ammunition, and army transport vehicles.

[redacted] Communist China has offered credit for arms purchases from Communist bloc countries.

2. JAPANESE-INDONESIAN SHIP AGREEMENT

Comment on:

Japanese shipowners and an Indonesian government mission in Tokyo have reached agreement on general terms for the lease of Japanese ships totaling 75,000 tons for Indonesia's vital inter-island shipping traffic. A formal agreement was scheduled to be signed on 27 December. [redacted] ert

The agreement authorizes the transfer by mid-February for a minimum of six months of 26 freighters of 2,000 to 4,000 tons. Small tankers of up to 5,000 tons will be transferred in a second stage, and large ocean-going vessels will be considered still later. Indonesian crews will be used whenever possible, but the ships will have Japanese masters and officers. Charterage fees are to be paid in advance in pounds sterling.

The Japanese ships will replace about half of the Dutch tonnage which has been withdrawn from Indonesian waters and thus ease the critical shipping shortage which has created serious food dislocations. Although Japan probably will be the major supplier of ships to Indonesia, Djakarta is looking to other areas, including the Communist bloc, to overcome its remaining shipping deficiencies. [redacted]

3. PLAN TO OUST PRESENT CEYLONSE GOVERNMENT

Comment on:

Although the group tentatively plans to take action in February, available information suggests it will not be prepared by that time. There is rivalry among the leaders, the group's plans are amorphous, and it does not yet have the support of elements necessary for success. Furthermore, the group probably does not have any significant popular following.

In the event of an unsuccessful coup, Prime Minister Bandaranaike might feel compelled to take some punitive action which would affect various Ceylonese conservative military and political groups, whether or not they had any connection with the plot. This could create considerable instability and unrest on Ceylon and provide opportunities for the leftists to exploit.

Should the group, after improving its capabilities and plans, carry out a successful coup at some future date, its institution of [redacted] rule might create widespread popular antagonism, not only on Ceylon but in other Asian countries. India, particularly, would probably see a Western hand in the forcible establishment of any rightist, pro-Western government on Ceylon. Probable administrative confusion accompanying such a coup would be likely to disrupt Ceylon's economy, which is heavily dependent on the steady flow of exports such as tea and rubber for revenue and on regular imports for two thirds of its annual food supply. This could lead to island-wide unrest which Ceylon's 4,000-man armed services and 8,000-man police force would find difficult to contain.

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4. POSSIBLE NEW SOVIET HEAVY BOMBER

Comment on:

[Redacted] Additional information on the long-distance flight described in the 24 December issue of Red Star indicates that the jet heavy bomber involved may have been a new Soviet aircraft. The article stated that "even for persons accustomed to being the first to see what is newly created in aviation, this airplane is surprising by the perfection of its form and its colossal size."

The flight was described as the first long-distance test of this aircraft, following numerous short test flights. The bomber flew an unspecified record distance without aerial refueling, at altitudes above 39,000 feet carrying "tens of tons" of fuel rather than "ten tons" as first reported. The "many hours" required for the flight suggest subsonic speed.

[Redacted]

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5. POSSIBLE BW UNIT IN EAST GERMANY

Soviet biological warfare (BW) detachments may be located in East Germany.

Comment This is the first evidence of any offensive BW detachment in the GSFG, and Soviet capability in offensive BW may have increased there in the past two years. No information is available on the organization and equipment of such detachments in Soviet military commands.

Reliable reports have indicated a Soviet interest in adopting to BW use spray tanks for aircraft, aerosol generators, insect vectors, and artillery projectiles. Training exercises often include references to chemical-biological-radiological (CBR) warfare, and Soviet publications for civilian and military use provide information on defensive aspects of CBR warfare.

6. FRANCE SUGGESTS MOROCCAN MEDIATION FOR CEASE-FIRE IN ALGERIA

Comment on:

On instructions from Paris, the French Embassy in Rabat recently sounded out the Moroccan Government on the possibility of Moroccan mediation to bring about a cease-fire in Algeria, according to a source close to French Foreign Minister Pineau. Premier Gaillard has obtained cabinet approval for this limited response to last month's Moroccan-Tunisian offer of good offices to settle the conflict. Recent French-Tunisian difficulties--particularly over the arms question--ruled out acceptance of Bourguiba as an intermediary, at least for the present.

Because Moroccan officials insisted that Tunisia must be kept informed, Gaillard did not follow up his embassy's approach immediately. Pineau, however, may go to Rabat soon to discuss cease-fire negotiations. Pineau's confidant told the American Embassy in Paris on 24 December that the chances for negotiation of a cease-fire are "not bad." He claims an FLN military leader was recently in Rabat and "undoubtedly" discussed such a move.

Gaillard is probably reluctant to take any step now which might prejudice Council of the Republic action on the Basic Statute for Algeria recently voted by the National Assembly. There is already some fear that Minister for Algeria Lacoste and influential conservatives may influence the upper house to amend or vote down the statute, thereby throwing it back to the assembly.

7. CHINESE COMMUNISTS PURGE TOP PROVINCIAL OFFICIALS IN CHEKIANG

Comment on: [redacted]

[redacted] Four members of the Chekiang committee of the Chinese Communist party--at least two of whom were probably party secretaries and one of whom was concurrently governor of the province--have been expelled from the party as "rightists," according to a Peiping broadcast of 26 December. The removal of these men from their government posts can be expected to follow in due course.

The attack on these provincial party leaders is an indication that a drastic weeding out of the party called for by Secretary General Teng Hsiao-ping and other party spokesmen is picking up speed. This move follows a resurgence of publicity during the past week concerning the danger of permitting rightists to remain in the party.

The purge is expected to claim up to 5 percent of the approximately 12,700,000 party members, and may even reach two or three members of the central committee in its final stages. [redacted]