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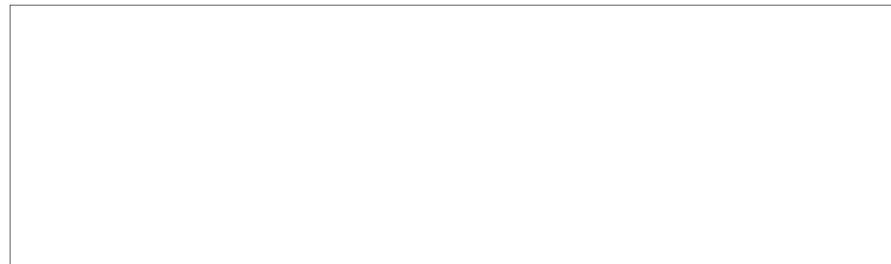
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1. DUTCH BITTER OVER US ATTITUDE ON INDONESIAN DISPUTE

Ambassador Matthews reported on 19 March that he had never seen the Dutch press so unanimously and bitterly resentful of any country as it is of the United States at the present time. Co-Foreign Minister Luns informed Matthews of his government's dismay at recent statements of American policy toward Indonesia, which, he said, had deeply shocked the entire country. Public feeling is so strong that the government may have to reappraise its NATO ties.

The Dutch are especially aroused by Washington's grant of economic aid to Indonesia, which they believe failed to consider the fact of Indonesia's unilateral abrogation of the Round Table Agreements concluded with The Hague in 1949 under UN auspices. Ambassador Matthews expects the recent American decision not to deliver additional tanks to the Netherlands to worsen relations.

While Dutch officials have long been touchy on the US attitude toward their disputes with Indonesia, they are now equally disturbed by what they consider to be American failure to support other European allies in Cyprus, the Middle East, and North Africa.

In view of the lessening of Western European fear of war, anti-American sentiment may become an issue in the June 1956 Dutch national elections. While the Dutch are unlikely to move to sever ties with NATO, they may be more reluctant to support the United States on other issues such as Chinese UN representation and expanding economic relations with the Soviet bloc.

2. USSR REPORTED OFFERING ETHIOPIA \$150,000,000
FOR ECONOMIC DEVELOPMENT

The Soviet Union has offered Ethiopia economic aid amounting to \$150,000,000,

The offer reportedly includes funds for a large dam, possibly on the Blue Nile, or for hydroelectric and irrigation development in Eritrea, which is now federated with Ethiopia.

Comment This is the first report of such a Soviet offer. A Soviet approach at present would be well timed in view of Ethiopia's resentment over the large amount of foreign assistance offered Egypt for the Aswan High Dam.

While Ethiopia would probably not accept outright such large-scale Soviet aid, the government could be expected to make use of such an offer in its relations with the West. (Concurred in by ORR)

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3. NEW LAOTIAN GOVERNMENT

[Redacted]

[Redacted]

The new government in Laos under Souvanna Phouma, which won overwhelming approval of the 39-man national assembly on 21 March, is a broad coalition of the major political groups in Laos and should prove stable. The new premier is strongly anti-Communist, but is considered a less forceful personality than former premier Katay.

The only assemblyman to vote in opposition was Bong Souvannouvong, who is sympathetic to the Pathet Lao and whose small party was excluded from the cabinet. Although he is not expected to pose a serious problem at the outset as an opposition leader, Bong's influence has been demonstrated by his leading role in blocking Katay's two attempts to form a cabinet.

There is strong pressure in the assembly for a quick solution to the Pathet Lao issue, and the new government will consider this problem its primary task. Judging from Souvanna's recent attitude and that of Crown Prince Savang, with whom he enjoys good working relations, the new government will probably continue its predecessor's tough policy--including guerrilla warfare--and insist on Pathet recognition of the royal government's authority over Phong Saly and Sam Neua Provinces as a prerequisite to the resumption of direct negotiations.

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4. EDWARD OCHAB NAMED TO SUCCEED BIERUT AS POLISH PARTY FIRST SECRETARY



The appointment of Edward Ochab as first secretary of the Polish United Workers (Communist) Party maintains the pattern of collective leadership that has heretofore operated in Poland.

Ochab, like his predecessor Bierut, will share leadership of the party with politburo members Jakub Berman and Hilary Minc, who will continue as major sources of authority in the collective leadership.

Ochab, who is 49 years old, was active in the prewar Communist Party of Poland, having joined the party in 1929 and risen to the central committee by 1938. He spent the war years in the Soviet Union, and has been a member of the politburo since 1949 and the secretariat since 1950.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 21 March)

[redacted] the Saudi defense minister in Cairo requested that his ministry dispatch immediately detailed table of equipment data on an infantry brigade, with information on support elements, including artillery and armored car units, [redacted]

[redacted] anticipated delivery during March of an undetermined number of aircraft and antiaircraft guns from Egypt. [redacted] the Saudis may also want equipment for a complete infantry brigade group.

[redacted]
 On 17 March "many black cylindrical objects resembling mines" were observed on a pier in Alexandria adjacent to the Soviet freighter General Cherniakowsky, [redacted]

[redacted] Egyptian capability to engage in mine warfare is suggested by recent observation in Alexandria of three motor torpedo boats equipped as patrol mine-layers.

A large number of Israeli reserve field-grade officers, principally those with engineer and construction experience, have been recalled for 40 days' active duty,

[redacted] The Israelis are simultaneously requisitioning considerable heavy construction equipment, including low-bed trailers, power shovels and bulldozers. This activity may relate to initiation of construction on the power project of the Banat Yacov scheme, or to the new program for construction of border defenses.

[redacted]
 The government of Israel has issued orders for a substantial increase in blood bank supplies by 1 June,

[redacted]
 Enforcement of the 13 March law of the Israeli parliament, permitting denial of exit permits to Israeli citizens in the military reserve forces, may diminish the recent heavy increase in visa applications which has swamped consular offices in Tel Aviv and Haifa.

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BIWEEKLY SUMMARY

8-21 March 1956

THE TAIWAN STRAIT

Report of the IAC Current Intelligence Group
for the Taiwan Strait Problem

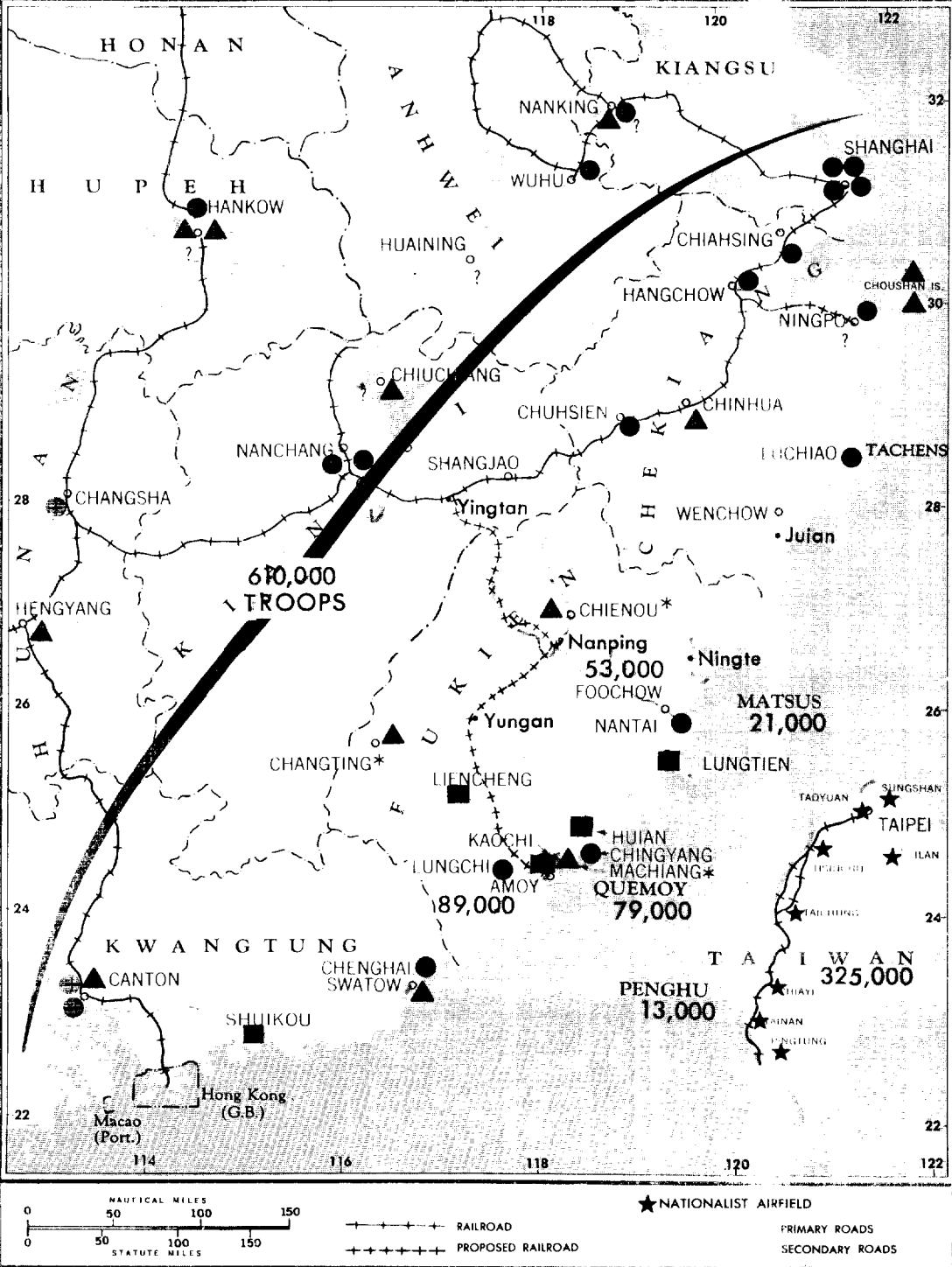
1. There has been no significant naval, air or ground activity during the period.
2. [redacted] considerable recent Chinese Communist military construction including artillery positions on Lutzu, a small island about 10 miles northwest of the Wuchiu Islands held by about 500 Chinese Nationalist guerrillas. Some of this construction is of an exclusively defensive character and the activity is not regarded as necessarily indicating Communist intentions to attack the Wuchius. It indicates, however, that the Communists intend to employ artillery on Lutzu, from where medium artillery could shell the Wuchius.
3. The Chinese Communists are apparently beginning work on a branch of the Fukien railway to Foochow. [redacted]
[redacted] a probable survey line stretching for about 10 miles along the north bank of the Min River about 30 miles west of Foochow.
4. There were few new developments in Peiping propaganda relating to the Taiwan Strait during the past two weeks. In its 11 March statement on the Geneva talks, Peiping's Foreign Ministry repeated the charge previously made on 4 March of US "occupation" of Taiwan and US "interference in the liberation" of the coastal islands.
5. In a conversation with the Netherlands chargé in Peiping, an assistant to Chou En-lai declared that Communist China had deliberately fixed no time limit for US acceptance of the demands made in the 4 March statement. This declaration was apparently made with the intent that it be relayed to the US. The chargé received the impression that the Chinese Communists were willing to continue the talks in Geneva

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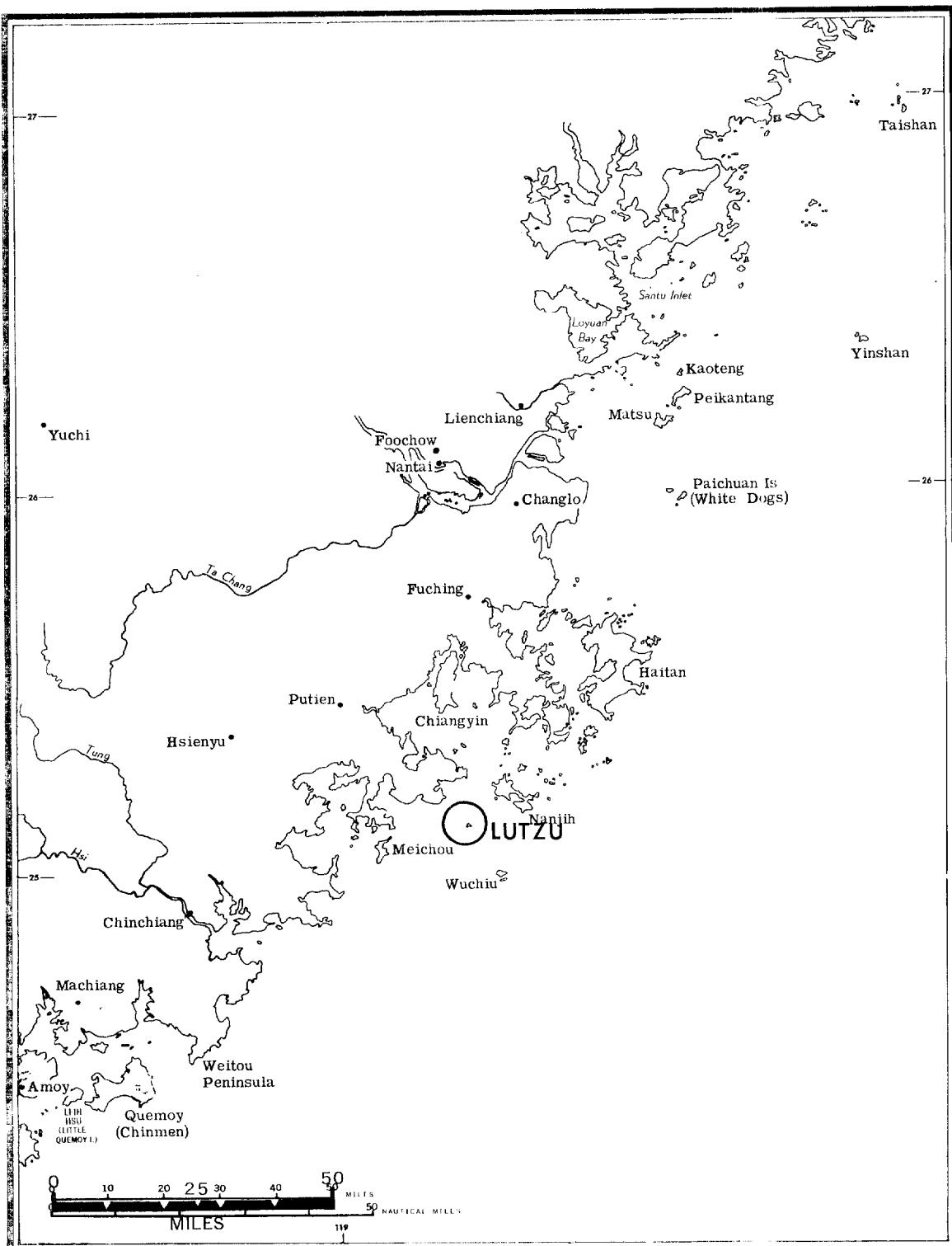
TAIWAN STRAIT SITUATION
22 MARCH 1956

CHINESE COMMUNIST AIRFIELD LEGEND

DESIGNATIONS	PRIMARY AIRFIELD CONSIDERED MOST IMPORTANT IN AREA WITH PREPARED RUNWAY GENERALLY 5000 FEET OR LONGER.	SECONDARY AIRFIELD AUXILIARY OR EMERGENCY BASES OR FIELDS OF LESSER IMPORTANCE RUNWAYS GENERALLY LESS THAN 5000 FEET.			
ACTIVE BASE FOR MILITARY & CIVILIAN AIRCRAFT. SOME BASES USED BY PISTON TYPES MAY BE USABLE BY JETS		OPERATIONAL			
INACTIVE BASES CAPABLE OF USE BY AIRCRAFT		SERVICEABLE			
CURRENT STATUS UNDETERMINED		UNKNOWN			* FIELDS NOT CONSIDERED CAPABLE OF SUPPORTING SUSTAINED OPERATIONS AT PRESENT.



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