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12 February 1957

Copy No. 131

# CURRENT INTELLIGENCE BULLETIN

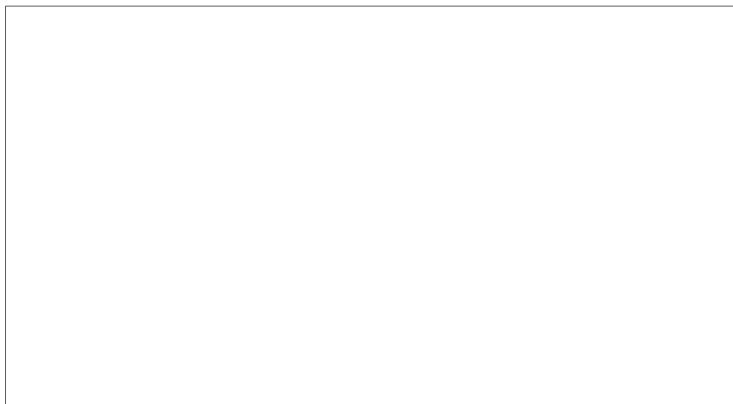
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DOCUMENT NO. \_\_\_\_\_  
NO CHANGE IN CLASS. \_\_\_\_\_  
11 DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: 2009  
AUTH: HR 70-2  
DATE 12-27-91 REVIEWER: \_\_\_\_\_

**OFFICE OF CURRENT INTELLIGENCE**  
**CENTRAL INTELLIGENCE AGENCY**

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Approved for Release: 2019/12/04 C02039273



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1. EGYPTIAN AMBASSADOR BELIEVES CAIRO WILL  
"DENOUNCE" KING SAUD

Egyptian ambassador Hussein on 9 February told Foreign Minister Fawzi, now in New York, he believed Cairo would "denounce King Saud without delay" as a result of the American-Saudi communiqué. Hussein said that the Americans had "won over" King Saud and that the visit was "a complete success from the American viewpoint and from our viewpoint a complete inconvenience." Hussein told Fawzi that an Egyptian denunciation of Saud "interests the Americans because it would isolate us--and interests the Russians because it isolates us also and leaves us at their mercy!"

Comment

Nasr was irked that Saud made public statements on the American proposals for the Middle East before discussing his Washington talks with other Arab leaders. He also reportedly feels King Saud went too far in endorsing the proposals.

Part of the Egyptian press has reacted in a hostile manner to the American-Saudi communiqué, but an official line has not yet appeared. Any attacks on Saud will be tempered by the fear of losing Saudi financial assistance.

**2. ALI SABRI AGAIN WARNS EGYPT MAY HALT  
CLEARANCE OF CANAL**

Ali Sabri, chief of the Egyptian cabinet and Nasr's principal political adviser, told a competent American observer on 7 February that "a halt to canal clearance work was the only alternative he saw to military action to compel Israel to withdraw from Sinai and the Gaza strip." Sabri said such "dangerous action" would be demanded by the Egyptian public, which otherwise would feel that aggression was being rewarded and that Egypt was yielding to pressure.

**Comment**

Although Sabri's statements are aimed at influencing the United States to exert pressure on Israel, an increasing number of reports and press statements indicate that the Nasr regime does seriously intend to use the canal clearance issue as a diplomatic lever, despite its need for the revenues an open canal would presumably provide. A semiofficial Cairo newspaper on 9 February stated that this question was discussed by the Egyptian cabinet at its first meeting since the hostilities and that clearance operations would be suspended unless Israel withdrew.

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## 3. BULGANIN NOTE TO ADENAUER

Comment on:

The note of 5 February from Premier Bulganin to Chancellor Adenauer is the opening gun in a Soviet effort to create election year difficulties for Adenauer.

It seeks to prove that his policies are blocking a German settlement and to strengthen those West German parties which oppose Bonn's NATO alignment and advocate a more independent course in international affairs.

The moderately worded note offers a "decisive new orientation of relations" between Bonn and Moscow, and recalls the Bismarckian tradition in German diplomacy of maintaining close relations with Russia. On the other hand, it contains an attack on Adenauer's rearmament policy and a warning against making West Germany vulnerable to atomic counterattack by turning it into a base for atomic war.

Bulganin does not offer any new proposals. He again suggests agreements on trade, cultural and technical co-operation, while repeating the standard unification formula: rapprochement between East and West Germany. Bulganin does not pursue the suggestion for a demilitarized zone in central Europe made in the Soviet note of last October, although he does refer to the 17 November Soviet disarmament proposals, which included reductions in foreign troops stationed in the NATO and Warsaw pact territories.

The interest of the West Germans will center on the Soviet unification proposals; they will probably feel that the insistence on a rapprochement with East Germany shows the lack of Soviet interest in the subject. The note is unlikely to affect West German rearmament. On the other hand,

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Adenauer recognizes the link between central European military arrangements and German unification, and will soon send Moscow a note on these matters. To avoid appearing completely negative, Adenauer may be receptive to talks aimed at increased trade, although he apparently still opposes a formal trade agreement.

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#### 4. JAPAN'S DEFENSE PROGRAM RECEIVES FURTHER SETBACK

[redacted] The Japanese cabinet has decided not to introduce legislation in the current Diet session to protect the security of military information, according to the American embassy in Tokyo. The cancellation is the direct result of adverse public reaction to recent newspaper speculation concerning the possibility of the introduction into Japan of an American "atomic task force" and of guided missiles with atomic capability. [redacted]

Comment Security legislation has been a sensitive issue in Japan because it is associated in the Japanese mind with prewar "thought control" regulations. Socialist propaganda almost certainly would also claim that the security legislation was intended to provide a cover for "secret diplomacy" and the introduction of nuclear weapons.

The absence of adequate security legislation has prevented the equipment of Japan's defense forces with advanced American weapons.

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## 5. OFFICIAL POLISH PRESS REBUTTAL OF BULGARIAN CRITICISM

Comment on:



The official newspaper of the Polish government, Zycie Warszawy, on 9 February defended Poland's concept of "democratization" against criticism by the

Bulgarian party daily. Heretofore, the intellectual and youth publications of Poland have carried the burden of ideological debates, while the official government and party journals have remained aloof.

Gomulka may now feel obliged, as a result of intensified bloc attacks, to commit the government's official newspaper in the ideological struggle. The polite tone of Zycie's article may indicate that the government has stepped into the debate, in part, in an effort to direct and control the outspoken commentary of segments of the press that it regards as often irresponsible.

The Zycie Warszawy article rejected the Bulgarian journal's charge that "enemies of socialism" in Poland were resorting to a "demagogic slogan of so-called 'democratization'!" It asserted that "if the struggle against the consequences of the cult of personality is not... a struggle for democratization it is "an empty cliché and a meaningless phrase!"