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1 November 1956

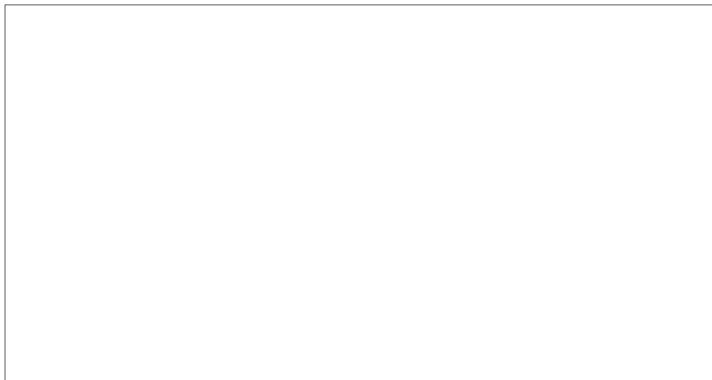
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# CURRENT INTELLIGENCE BULLETIN

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~~TOP SECRET~~**1. HOSTILITIES IN EGYPT (information as of 2400, 31 October)**

A major battle is in progress in the Sinai Peninsula between the main Egyptian and Israeli forces on the road to Ismailia west of Abu Aweigla.

very heavy ground fighting and tactical air activity.

According to an Israeli military spokesman at noon on 31 October, Israeli troops have advanced through central Sinai to the Jebel Hayman area, while the main Israeli force, operating from the El Auja area, has broken through Egyptian positions at Abu Aweigla. A government spokesman announced that Israeli forces have encountered two Egyptian divisions at full strength, about 20,000 men. About

36,000 Egyptian forces were in the Sinai area at the time of the Israeli attack.

Israeli forces operating in Sinai are reported to consist of one armored infantry division, "plus other elements." Another armored infantry division and other infantry elements are believed to be deployed along the Gaza strip. Part of this force may be available to reinforce the division operating in Sinai.

Egyptian armor in Sinai has attacked Israeli armored units advancing on the road to Ismailia, but apparently was unable to prevent an Israeli advance to the Mediterranean coast near El Arish. Egypt is reported to have reinforced its forces in Sinai with at least one regiment of T-34 medium tanks. On 30 October at least one armored group,

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including medium and heavy Soviet-built tanks, armored infantry, and artillery, moved through Cairo en route to the Suez Canal zone.

The anticipated Anglo-French landings in Egypt have not occurred. [redacted]

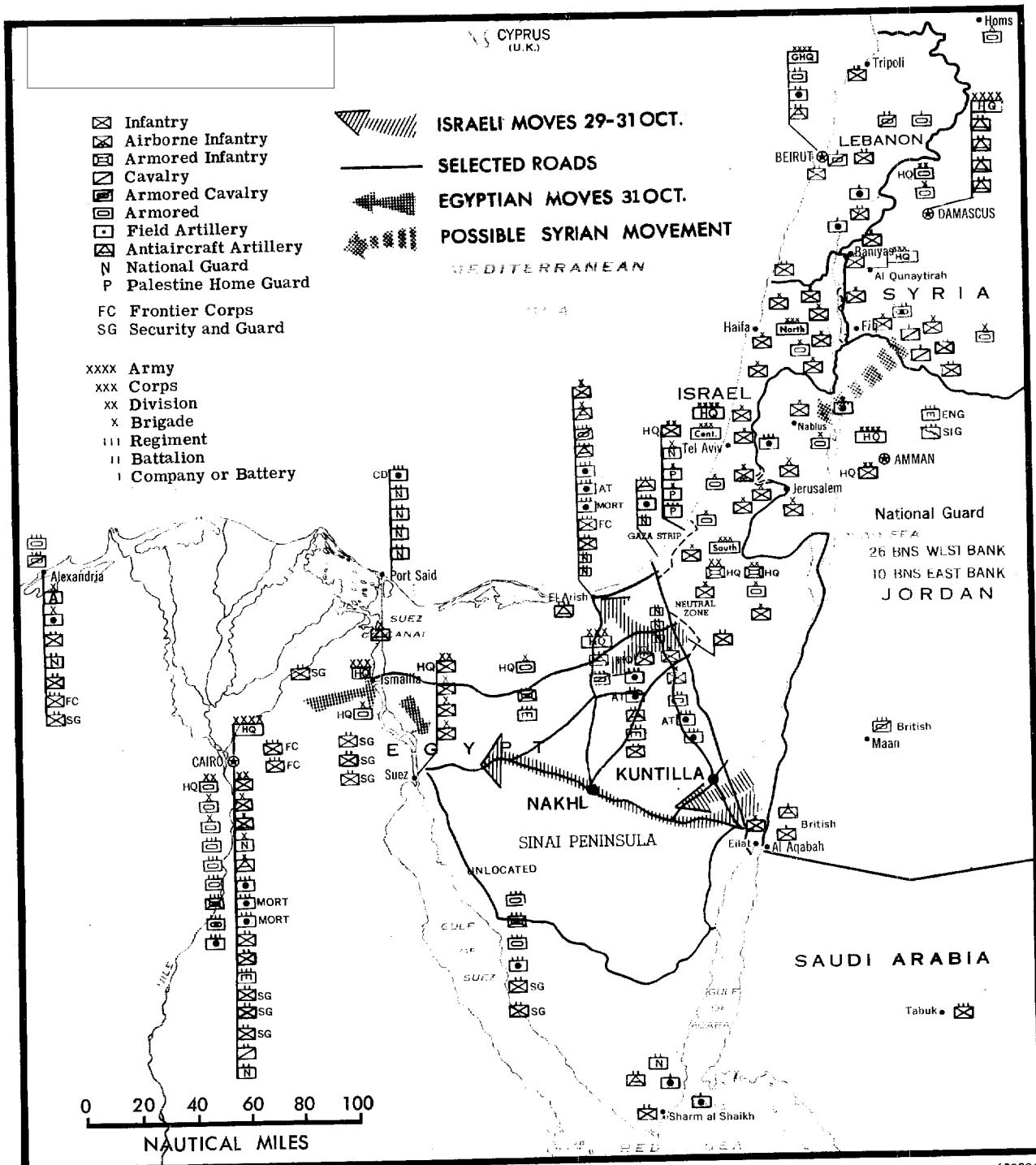
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The Watch Committee of the IAC met in regular session at 1030 on 31 October. It published a conclusion and note on the Middle East as follows:

"The USSR has repeatedly declared its serious and continuing interest in the Middle East and is supporting the Arabs politically in the present conflict. No firm evidence is available bearing on Soviet intentions to intervene militarily in Middle East hostilities. The presence of Soviet military technicians in Egypt and Syria, Soviet materiel and logistic support of certain Arab states and the probable presence of Soviet submarines in the area are evidence of prior Soviet indirect involvement in this situation. This indirect support probably will be furnished on an increasing scale.

NOTE: "Hostilities are now in progress involving Israel, Egypt, the UK and France. It is probable that fighting will spread to other Arab states. The Watch Committee, in accordance with its Charter and with the Chairman's understanding of instructions from the IAC on 30 October will concentrate its attention in particular on indications of Soviet intent to participate militarily, either directly or indirectly, in the area." [redacted]



**2. THE SITUATION IN HUNGARY (information as of 1700 EST  
31 October)**

The American legation in Budapest reported on 31 October at 1300 Budapest time that "it became virtually certain in Budapest this morning that the Hungarian revolution was now a fact of history." The legation said that personal observations, newspaper stories, and radio broadcasts tended to confirm the complete withdrawal of Soviet troops from the city. There is no indication, however, that these Soviet forces have as yet returned to their garrisons.

Apparently in direct response to the demands of the increasingly powerful Revolutionary Military Council of the Hungarian army, Premier Nagy told a crowd gathered in Kossuth Square in midafternoon of the 31st that not he but his predecessors had asked for Soviet military aid, and that his government is demanding not only the immediate withdrawal of all Soviet troops from Hungary, but also withdrawal of Hungary from the Warsaw pact.

The Military Council was established on 30 October by army and police units, insurgent workers, and youth groups. It includes a rebel leader, Colonel Pal Maleter, who led the insurgents in their defense of Ullo Ut barracks. The council, officially recognized by the Nagy regime, apparently is backed by major elements of the Hungarian army and air force, and appears strong enough to maintain order in Budapest. In addition, it has probably gained wide popular support by threatening on the 30th to attack Soviet units if they did not leave Budapest "within 12 hours," and withdraw from Hungary by 31 December.

Strenuous efforts are being made by one major "free" regional government--the Transdanubian National Council located at Gyoer--to line up support from insurgents elsewhere in the provinces in order to unify "national interests" and withhold recognition of the Nagy regime

until their demands are met. There is no firm evidence to indicate a relationship between the two seemingly most powerful revolutionary units, the Revolutionary Military Council--recognized by Nagy--and the Transdanubian National Council. They both appear to include Communists and non-Communists. Both seem willing, if Nagy will accede to their basic demands, to recognize his government, at least until peace can be restored and free elections held.

The Transdanubian Council claims the support of the national councils of several West Hungarian counties and military units in the western part of the country, as well as the Hungarian army's 9th Division. It enunciated its demands in a special session on 31 October. These include: (1) the proclamation of Hungarian neutrality at the UN; (2) a free and general election, at the latest by the end of January 1957; (3) the naming of a national council for the interim period with the right to appoint ranking military officers; (4) changes in the national government to ensure adequate representation of "freedom fighters" in the government; and (5) guarantee of the freedom of speech, press, assembly and religion. This regional council, which is now apparently supported by the insurgents at Miskolc, also expressed the view that the rebel demands should be met by the government before individual parties are reconstituted, possibly in fear that the Nagy government would utilize the cover of a mock coalition to hold back on the granting of further demands.

Following Nagy's call for a multiparty system on 30 October, the Smallholders and Peasant Parties were reorganized. However, the Budapest radio reported on 31 October that Bela Kovacs, strongly anti-Communist Smallholder leader, informed a meeting of his party in Pecs that he had not accepted his appointment to the government as minister of agriculture; he now planned to go to Budapest to discuss the political situation with Premier Nagy. Meanwhile, the Social Democratic Party, which continues to refrain from joining the Nagy coalition, announced on the same day its reorganization and the election of Anna Kethely as president.

To maintain his leadership, Nagy continues to work feverishly for an accommodation with the rebels--a

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difficult task without a guarantee of a Soviet troop withdrawal. Apparently making a virtue of necessity, the regime has restored all civil and ecclesiastical rights to Cardinal Mindszenty, who had already been freed by the rebels. All proceedings and allegations against him were branded false. In addition, Nagy continues to shuffle government figures. Hungary's chief delegate to the UN, Peter Kos, was recalled on 30 October; Laszlo Hay, president of the National Bank, was fired, and Prosecutor General Gyorgy Non--allegedly guilty of criminal activity in the past few days--was ousted. Nagy may also yield to popular demands for the removal of Ferenc Muennich, newly appointed minister of interior.

### 3. SOVIET STATEMENT CONDEMS WESTERN AGGRESSION AGAINST EGYPT

The Soviet statement of 31 October charged the Israeli attack was designed to provide a pretext for Western powers, particularly Britain and France, to re-establish their position in the Arab states and Suez. The statement called for immediate Security Council action.

In a conversation with Ambassador Bohlen at a Moscow reception on 30 October, former foreign minister Molotov repeated the line taken by Soviet propaganda media that the US had been in collusion with Britain and France in the Israeli attack. During the discussion Molotov modified this to state that Israel had the support of Britain and France, who wished to punish Nasr for nationalizing the Suez Canal. Khrushchev and Bulganin also expressed their concern to foreign diplomats.

According to a press report from London on 31 October, Communist diplomats who have accurately reflected the thinking of Soviet leaders stated that "volunteers from the Soviet Union and other countries" could be expected to pour into the Middle East to aid Egypt in any Anglo-French attack. The diplomats expressed their hope that the United States would "exert its influence" on Britain and France against the use of force.

During the Suez crisis, Moscow limited itself to promises of equipment and volunteers in the event of Western military action. There is no indication that the USSR will make any further commitment at this time.

~~CONFIDENTIAL~~**4. INDIAN REACTION TO SUEZ DEVELOPMENTS**

The Indian UN delegate in New York told Ambassador Lodge that the United States has the full support of India in the Middle East crisis. India announced on 31 October that it considered the Anglo-French "invasion of Egyptian territory" a "flagrant violation of the UN charter."

**Comment**      India appears prepared to condemn "aggression" in the Suez Canal area and to take appropriate action in co-operation with the Colombo powers, the Bandung powers, or in the United Nations.

India probably feels that the US is the only power in a position to influence Britain, France and Israel at this time, and seems to be looking to the US for leadership.

Pakistani president Mirza has assured the American ambassador in Karachi that the United States can count on Pakistan's support. Thailand and Indonesia have also voiced their willingness to back American efforts for a peaceful settlement.

The 23-member Arab-Asian bloc, of which India considers itself the leader, on 31 October formally condemned the British-French ultimatum, calling it a blow to the UN. The group also supports the convening of a special session of the General Assembly.

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## 5. LIBERALIZATION TREND TO CONTINUE IN SOVIET POLICY TOWARD EASTERN EUROPE

The possibility that the Soviet leaders are contemplating even greater liberalization in their policies toward the Satellites was indicated by Khrushchev on 29 October. In a conversation with Ambassador Bohlen, Khrushchev, referring to recent Polish and Hungarian developments, said that the "Soviet government would continue without deviation along its present course as laid down at the 20th party congress." He added that in the future there would be "changes which would surprise everyone!"

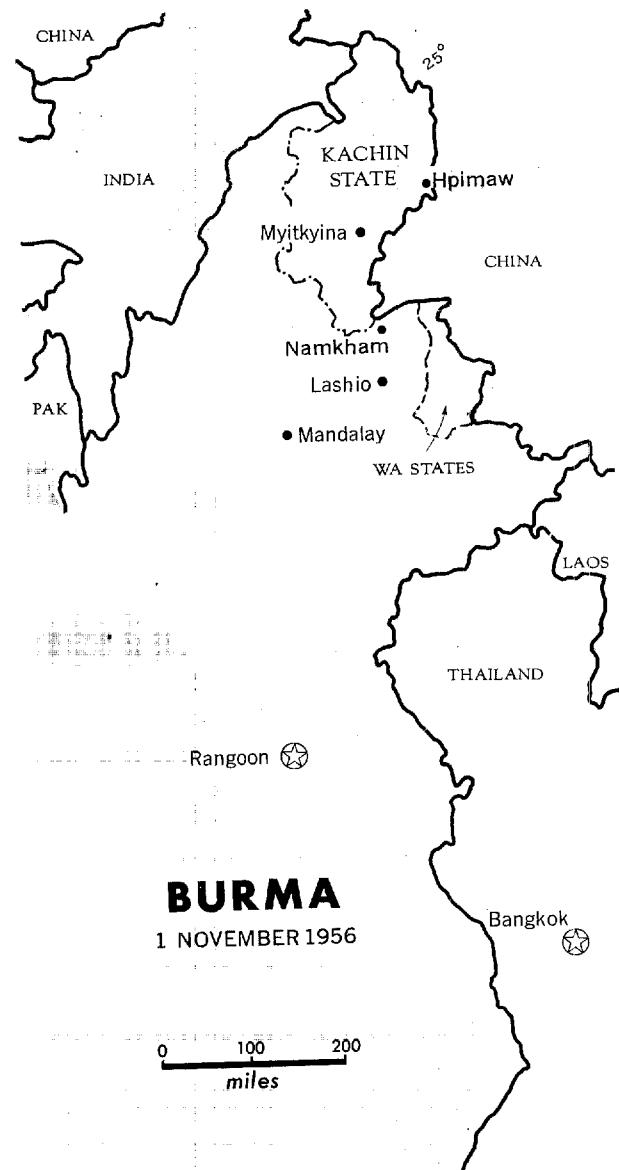
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## 6. [REDACTED] PEIPIING TAKING CONCILIATORY LINE IN BURMA BORDER TALKS



Discussions on the Burma border problem are making "good progress" and Chou En-lai has agreed to accept the 1941 boundary in the Wa States, [REDACTED]

[REDACTED] the Chinese, contrary to [REDACTED] expectations, have raised no difficulties regarding the Kachin State frontier, although they have called for minor Burmese concessions in the vicinity of Hpimaw. [REDACTED]



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[redacted] representatives of the Kachin minority adamantly refused to endorse concessions by Burma in the Hpimaw area. Burma therefore was prepared if necessary to make a minor concession of territory near Namkham instead.

[redacted] Burmese officials told the American embassy in Rangoon that they look forward to successful termination of the negotiations during U Nu's stay in Peiping.

## Comment

Peiping has apparently now decided to make a quick border settlement generally on Burmese terms in order to prevent further damage to Communist China's pose as a "peaceful power!" Such a settlement would be hailed by other neutralist powers, particularly India, as vindication of the "five principles of co-existence!"

If necessary, Burma would probably make a concession in the Hpimaw area, but at the cost of possibly serious dissatisfaction among the Kachins.

## 7. SOUTH KOREA STEPS UP PROPAGANDA AGAINST NORTH KOREA

[Redacted]

In a series of special broadcasts to North Korea, Seoul radio has been calling on the people to "rise against Communist rule in response to the uprisings in East European countries."

Seoul radio announced on 30 October that all university, high school and primary students are expected to join in a movement calling for the North to rebel.

President Rhee reportedly told officials of the Asian Peoples Anti-Communist League that he might "do something" following the American elections if the Communists do not disarm themselves and surrender now.

### Comment

President Rhee is probably hopeful that the present situation will give him an opportunity to gain his objectives of recovering Communist-held territory south of the 38th parallel and unifying Korea by force. Last August, he ordered the armed forces to prepare mobilization plans in case "the West" committed troops to Suez.

While Rhee's threats are probably intended as propaganda, any indication that the North Korean people would support him might encourage him to provoke fighting. Organized opposition to the regime in North Korea, however, is lacking or insignificant. [Redacted]

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**THE ARAB-ISRAELI SITUATION**  
**(Information as of 2400, 31 October)**

A press report ascribed to a military source in Tel Aviv a statement that a Soviet-built MIG-17 was among the nine Egyptian aircraft shot down by the Israeli air force to date. The presence of MIG-17's in Egypt has been reported on several occasions during the past few months, but there has been no substantiation of these reports.

Israeli tanks had infiltrated and bypassed the key road junction of Abu Aweigla in eastern Sinai--cutting the roads to Ismailia in the canal zone and El Arish on the Mediterranean coast.

The Greek Foreign Ministry has [redacted] granted Egypt authorization to fly aircraft from Bulgaria southward over Greece on an unspecified date up to 4 November, according to [redacted]. The type of aircraft and the nature of the passengers are not known. [redacted]  
[redacted]

(For another article bearing on the Arab-Israeli situation, see item 1, p. 3.)  
[redacted]

**BIWEEKLY SUMMARY  
(18 October-31 October 1956)**

**THE TAIWAN STRAIT**

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

1. There were no significant combat operations in the area during the period. [redacted]
2. The Chinese Communists have announced that track-laying on the trans-Fukien railroad has been completed as far as Changping, about 183 track kilometers from Amoy. Completion of tracklaying by the end of 1956 or shortly thereafter seems likely, but the railway will probably not be in full operation until early next year. [redacted]

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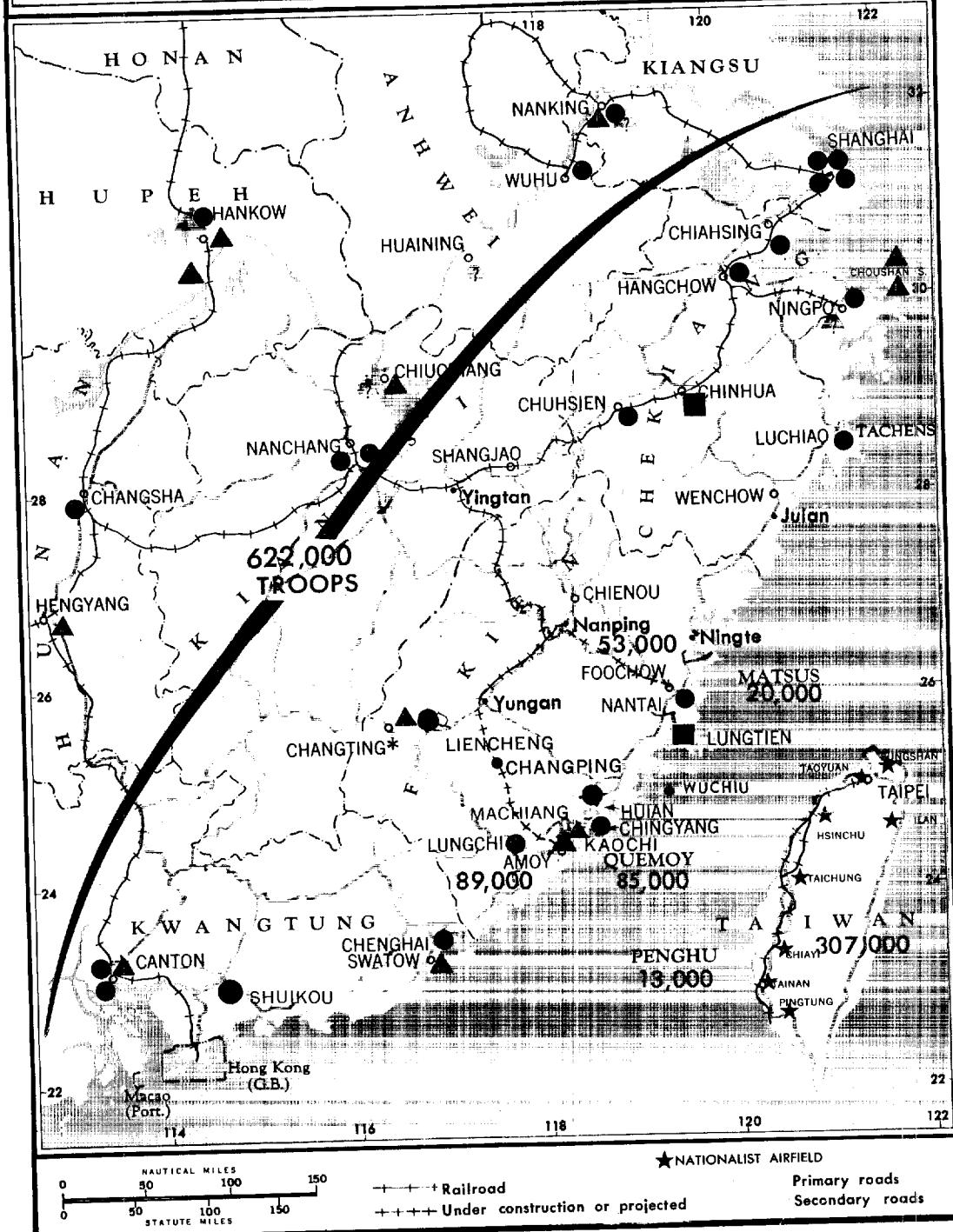
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# TAIWAN STRAIT SITUATION

31 OCTOBER 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.				USABILITY
		+	I	?	█	
ACTIVE BASE FOR MILITARY & CIVILIAN AIRCRAFT. SOME BASES USED BY PISTON TYPES MAY BE USABLE BY JETS	● OPERATIONAL	▲				MIG-15 TU-2, IL-10 LA-9/11 LI-2 ETC.
INACTIVE BASES CAPABLE OF USE BY AIRCRAFT	● SERVICEABLE	▲				TU-4 UNKNOWN
CURRENT STATUS UNDETERMINED	■ UNKNOWN	▲				IL-28 UNDER CONSTRUCTION
			*	FIELDS NOT CONSIDERED CAPABLE OF SUPPORTING SUSTAINED OPER- ATIONS AT PRESENT.		

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