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30 September 1956

Copy No. 105

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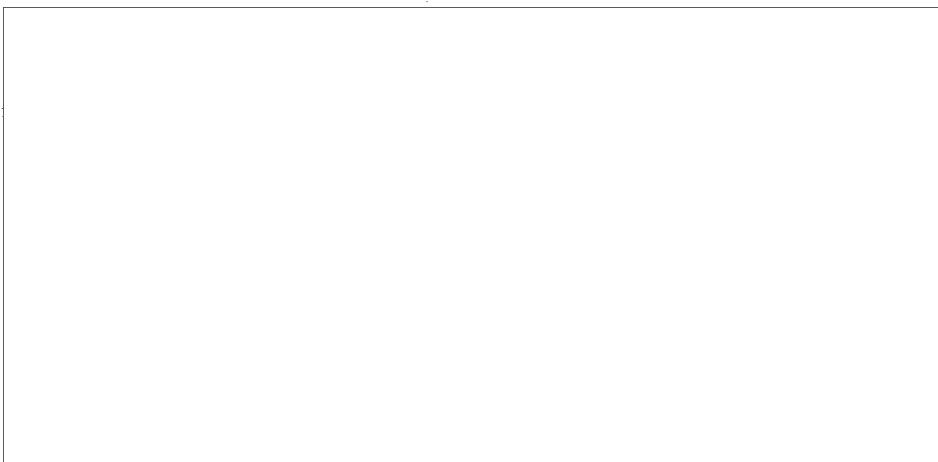
CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 45
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C 2009
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE: 21 Dec 79 REVIEWER:

OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY

~~TOP SECRET~~

Approved for Release: 2019/10/23 C03178379



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1. EGYPT HALTS HIRING OF NEW SUEZ PILOTS

Comment

The Egyptian authorities have announced that over 200 pilots, about the same number as were available before nationalization, are now in Egypt. Of this number, 120 are described as trainees, and 89 are said to be "fully trained." However, by no means all of this latter group are qualified to take large ships through the canal. The first group of new foreign pilots, including Soviet personnel, reportedly will take their qualifying examinations on 10 October.

No backlog of shipping has yet been created at the canal, but the level of traffic remains about 10 ships per day lower than before nationalization.

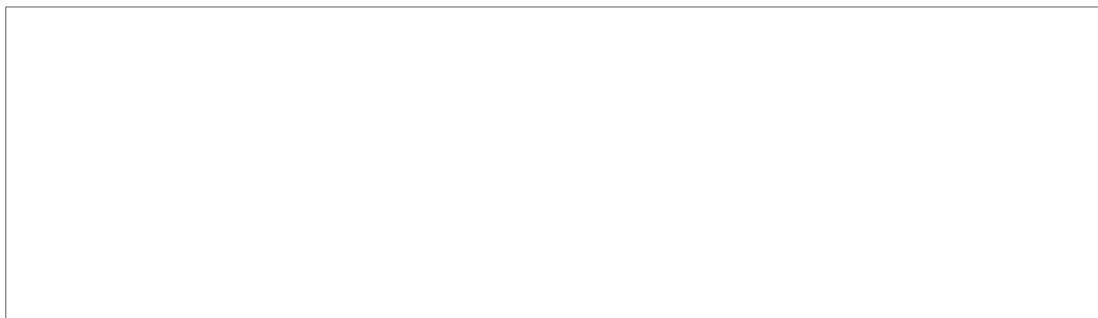
2. USSR REPORTEDLY WARNS ISRAEL OF "SERIOUS CONSEQUENCES" IN ATTACKS ON JORDAN

Comment

This strong approach to Israel, if accurately reported, emphasizes Moscow's desire to keep the Arab-Israeli dispute from flaring up during the Suez negotiations.

During the last two weeks, Soviet propaganda has shown a strong pro-Arab bias in its reporting on Arab-Israeli border incidents. Radio Moscow on 21 September pointed to the dangers of Israeli "provocations" against Egypt and other Arab states in the event of war over the Suez crisis.

**3. SUEZ CRISIS ADVERSELY AFFECTING BLOC TRADE
WITH CHINA**



Comment As of 12 September at least nine non-bloc freighters normally involved in the China trade had been withdrawn from charter operations involving a Suez transit. Such vessels, mainly British, carried approximately 25 percent of bloc shipments to China in 1955. An even greater proportion of Chinese shipments to Eastern Europe is carried in chartered non-bloc ships.

Peiping's dependence on these vessels has grown this year as bloc ships on Far East trade routes are becoming increasingly involved in carrying cargoes under barter agreements with South Asian countries.

4. DEATH OF NICARAGUAN PRESIDENT

Comment on:

[redacted]
Nicaraguan president Somoza's death on 29 September may have international repercussions in Central America. The gun used by the assassin is reliably reported to have been purchased by a prominent Nicaraguan exile who is linked to an anti-Somoza revolutionary group which may have close ties with Costa Rican president Figueres. Figueres, implicated in an earlier attempt against Somoza,

[redacted] have conferred in early September with leading Central American exiles in Mexico, including a Nicaraguan. If evidence is found--or manufactured--to link the assassination with Figueres, the Nicaraguan government can be expected to react strongly, possibly to the extent of instigating an attempt on Figueres. In El Salvador, general hatred of Somoza may hinder investigation of the assassin's contacts there.

In Nicaragua, Somoza's death will lead to a long period of political uncertainty and, possibly, violence. His 34-year old son, Luis has been confirmed by congress as president for the balance of his father's term ending next May. It is unlikely that he can rule with as strong a hand as did his father. If he tries, he will probably be overthrown by the National Guard, Nicaragua's efficient army, which will now probably assume a decisive role as political referee. His brother, Colonel Anastasio Somoza, Jr., the impulsive 32-year-old director of the National Guard, is hated by many officers and his removal may be demanded as a condition for continued guard support of the government.

5. CHINESE COMMUNIST PARTY LEADERSHIP

Elections to the central organs of the Chinese Communist Party's new central committee confirm that Mao Tse-tung continues to dominate the party.

The elections, like the proceedings of the party's eighth congress as a whole, also provide strong evidence that Liu Shao-chi remains Mao's principal lieutenant, that Chou En-lai remains in third place, and that Teng Hsiao-ping has joined the top handful of party leaders.

Mao is to remain chairman of the central committee and its politburo. Liu is to be the senior vice-chairman, with Chou next in line. Mao has been replaced by Teng Hsiao-ping as head of the secretariat which directs the routine work of the central committee. These four persons, plus two lesser figures who have been formally ranked fourth and fifth in the party for years, will make up the politburo's new standing committee.

The politburo has been enlarged from 13 members to 17 members and six alternates. Eighteen of the 23 members occupy key posts in the party and regime. Four others are Mao's old comrades, and one of the ten new members owes his elevation to prestige gained as a military leader many years ago.

Almost all of the politburo members, and most of the members of the new central committee, have given evidence of strong bonds with the Soviet Union. Although Mao and his principal lieutenants are not Soviet puppets, they can be expected to view the maintenance of the Sino-Soviet alliance, in Liu Shao-chi's words, as the party's "supreme international duty!"

6. BRITAIN PUBLISHES CYPRIOT TERRORIST DOCUMENTS

[Redacted]

Extracts from captured Cypriot terrorist documents published on 28 September by the British government do not appear to establish that the present Greek government has been implicated in supporting terrorism in the colony, according to the American embassy in London.

The embassy comments that the documents published, which are a relatively small portion of the captured papers in British possession, establish that Archbishop Makarios was fully apprised of terrorist activities, made the major decisions for the EOKA terrorist organization, and was the main source of its funds. The documents as published do not, however, implicate any Athens government leaders since the death of Prime Minister Papagos last October. The embassy doubts that the documents will be as helpful to the British case as the Foreign Office claims.

Comment London has consistently displayed confidence that the captured documents will greatly strengthen the British case on the Cyprus issue, particularly in the forthcoming General Assembly. [Redacted]

[Redacted]

Publication of an earlier selection of EOKA documents appears to have strengthened EOKA's position among the Greek-Cypriots and the public's impression of the organization's strength and efficiency.

THE ARAB-ISRAELI SITUATION (Information as of 1700, 30 September)

UN truce chief General Burns appears to be very pessimistic about the Israeli-Jordan border situation. Burns told the American consulate general in Jerusalem on 28 September that his meeting with Israeli foreign minister Meir had been entirely fruitless, and that Israel seemed to him to have a "contemptuous disregard" for the UN truce machinery and for the interests of other powers in the stability of the area. Burns thought Israeli prime minister Ben-Gurion was falling increasingly under the influence of his army chief of staff, who is a leading proponent of forceful action in Israeli-Arab relations. As for Jordan, Burns doubted that the authorities would be able to control their border personnel, who are in large part "primitive" national guard types rather than the "well trained and disciplined personnel" called for by the area commanders' agreement of April 1955. Burns also said that at the height of the incident on the night of 25 September, Jordanian chief of staff Nuwar sent him "ridiculous" messages stating that Burns should don Jordanian uniform and proceed to the scene of action in order to "get the feel of the situation."

The American embassy in Amman reports that virtually all Jordanians are still gratified by the "beating" which Arab propaganda claims the Jordanian forces have given the Israelis. The embassy believes that at least in West Jordan a truer description of the events of 25-26 September will pass by word of mouth and will produce increased bitterness among the population against the army and the high command. This reaction may in turn have an effect on the position of Chief of Staff Nuwar and even on King Hussein.

Five Egyptian military cargo planes arrived in Amman on 28 September, and eight more were reported due to arrive the same day, with small and "medium" arms for

Jordan's national guard. The American embassy notes that these shipments are almost certainly part of Egypt's effort to counteract the impression that Jordan must rely on Iraqi help to defend itself against Israel.

