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CONTENTS

1. ISRAELIS TO WITHDRAW FROM SINAI BY 22 JANUARY
[redacted] (page 3).
2. PROBABLE EXTENSION OF SOVIET GUIDED-MISSILE RANGE [redacted] (page 4).
3. NEW SOVIET CENTRAL COMMITTEE MEETING REPORTED SCHEDULED (Top Secret Eider) (page 5).
4. BRITISH FOREIGN OFFICE VIEWS ON YEMEN-ADEN SITUATION [redacted] (page 6).
5. SITUATION IN INDONESIA [redacted] (page 7).
6. YUGOSLAVS SUPPORT KADAR REGIME [redacted] (page 8).
7. JAPAN PROPOSES FORMAL NEGOTIATIONS WITH SOUTH KOREA (Secret Noforn) (page 9).

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1. ISRAELIS TO WITHDRAW FROM SINAI BY 22 JANUARY

Israeli forces are to be "entirely out of Sinai" except for Sharm al Shaikh by 22 January.

Eban said Israel will not withdraw from Sharm al Shaikh until there are "adequate assurances which protect genuine international interests." Eban said the stationing of UN forces at Sharm al Shaikh pending a final settlement would make an Israeli withdrawal possible. Eban deferred any discussion of the future of the Gaza strip.

Comment

Eban's statements presumably result from the 13 January meeting of the Israeli cabinet. Israel is making a determined effort to obtain freedom of transit in the Gulf of Aqaba and has indicated it favors the maintenance of an Israeli police force in the Gaza strip under UN supervision.

Egypt has maintained that no discussions toward a settlement can be held prior to the restoration of the status quo ante. Nasr has suggested that a "serious problem" might arise if Israel has not withdrawn before the Suez Canal is cleared.

Units of the motorized frontier corps are being deployed back into Sinai.

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2. PROBABLE EXTENSION OF SOVIET GUIDED-MISSILE RANGE

Comment on:

A lengthening of the Kapustin Yar missile test range eastward to a distance of 900 to 1,000 nautical miles has been indicated

The present most distant impact area is approximately 600 to 700 nautical miles east of the launching site.

Aircraft flights between the Kapustin Yar area and the Akmolinsk/Karaganda region in mid-1956 may have been connected with the establishment of this station. Although the station has not been involved in any actual missile-firing operations,

it compares in both permanence and importance with the major administrative bases in the three known impact areas.

On 13 January, following a 31-day period of operational inactivity, the range resumed operations with a short-range (150 nautical miles) firing. However, this period of inactivity could still reflect preparations for the integration of a new impact area into range operations.

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3. NEW SOVIET CENTRAL COMMITTEE MEETING REPORTED SCHEDULED

Another meeting of the Soviet party central committee will be held before the 5 February Supreme Soviet meeting, [redacted]

The meeting will deal with ideological problems and with housing and other economic matters left unsettled in the decree of the December meeting, [redacted]

Ambassador Bohlen points out that any personnel shifts which the party presidium has in mind could be approved at such a meeting. He notes, however, that there has been no reflection in Moscow of the Warsaw rumor that Khrushchev won a "slim majority" over Malenkov in a vote at the December plenum. He doubts that such a vote could have taken place without becoming Moscow gossip.

Comment The December plenum apparently did not come to grips with the problem of growing ideological disorientation among intellectuals and student groups, and a stern warning on the issue from a party plenum is a good possibility.

A new meeting of the central committee could decide on specific goals for housing and make a final review of the 1957 budget, which is to be approved at the Supreme Soviet meeting. The December meeting of the central committee apparently postponed decision on earlier plans for an immediate increase of priority for housing, which had already been approved by the State Economic Commission for Current Planning, [redacted]

[redacted] The removal of M. Z. Saburov, who headed the planning commission at that time, may have been caused in part by disagreement over housing priorities. [redacted]

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4. BRITISH FOREIGN OFFICE VIEWS ON YEMEN-ADEN SITUATION

The British Foreign Office is disturbed over the extent of the Yemeni propaganda campaign alleging British aggression across the Aden border. Britain is "urgently" trying to start a joint inspection of the Yemen-Aden frontier area which has been under discussion with Yemeni representatives in London since early December, according to the American embassy there. Foreign Office officials minimize the extent of the actual fighting in progress.

The Foreign Office is also considering asking for a UN fact-finding or boundary demarcation mission. London fears, however, that submitting the question to the UN might benefit only the Asian-African bloc or lead to unworkable procedures for adjudicating the border dispute.

Comment

Under present tensions, the prospects appear very slim for reaching a settlement of the border dispute either by direct negotiation or under UN auspices. The British evidently consider they must make some public gesture toward such negotiations, however, in order to offset the effect of Yemeni, Egyptian, and Soviet propaganda. Meanwhile, there are indications that British military operations in the disturbed area are more extensive than London's guarded statements reveal.

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5. SITUATION IN INDONESIA

The withdrawal from the Indonesian cabinet of the small Moslem party PERTI on 15 January may provide the impetus for further defections from a regime which now has lost three of its eight participants. Other minor members which are considering withdrawal are one Moslem and two Christian parties.

President Sukarno, presumably anticipating further defections, is said to be planning the formation soon of a "revolutionary council" under his leadership to which the cabinet would be responsible. This council would implement his proposal of a "guided democracy" and permit him almost unlimited control over the government.

The Communist Party, which now has about 16 percent of the seats in parliament, has demanded proportional representation in any new cabinet. Sukarno would be likely to press for leftist or Communist participation in the cabinet in order to realize "national unity." He may also insist on Communist participation in his "revolutionary council."

Meanwhile, in the Celebes, preparations are reportedly being made to proclaim the central Celebes area an "autonomous province." Efforts by the Djakarta government to resume normal relations with the three Sumatran provinces continue to be ineffective.

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~ 6. YUGOSLAVS SUPPORT KADAR REGIME

Comment on:

[Redacted]

Several recent actions by the Yugoslav government indicate that it intends to support the Kadar regime in Hungary for the present. On 11 January, a Yugoslav spokesman announced that a \$2,000,000 credit and "certain facilities in mutual trade exchange" had been granted at the recent request of the Hungarian government. He said Hungarian-Yugoslav relations were "normal" and implied that Belgrade was no longer pressing the issue of the Soviet abduction of ex-premier Nagy last November.

A new Yugoslav ambassador is about to depart for Budapest, a post vacant since shortly after the Nagy kidnaping, and Hungary has named a new man for its post in Belgrade, vacant since late October. The Belgrade press gave tentative acceptance to the program outlined by Premier Kadar on 6 January, despite its heralding of impending harsh policies and close allegiance to Moscow.

Most Yugoslav Communist leaders probably recognize that only a harsh program by Kadar will maintain Communism in Hungary at present, even though this view conflicts with Vice President Kardelj's speech on 7 December, with its implied condemnation of the Kadar regime and its extolling of the workers' councils as the only true socialist force in Hungary. The Yugoslavs may feel that eventually a more liberal regime can evolve in Hungary.

Belgrade's attitude toward Hungary may also be in part designed to counter the Soviet bloc ideological criticisms of the Yugoslavs as "revisionists."

[Redacted]

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7. JAPAN PROPOSES FORMAL NEGOTIATIONS WITH SOUTH KOREA

[Redacted]

Japanese foreign minister Kishi proposed to South Korean minister Kim in Tokyo on 10 January that formal negotiations be opened for an over-all settlement and the establishment of normal relations between their two countries.

[Redacted]

said Tokyo was prepared to withdraw or disavow the "offensive" remarks of a former Japanese negotiator, to drop claims to former Japanese property in Korea, and to agree to a mutual release of detainees with the promise that no additional Koreans would be interned by Japan pending a final settlement. He said "difficulties" would arise if an understanding were not reached before the Japanese Diet reconvened on 20 January.

Kim said he had recommended to President Rhee that he accept the offer as the best obtainable and because it satisfies the major conditions which the Koreans have set for a settlement. He fears, however, that Rhee will vitiate the offer by insisting that Japan recognize the Rhee line.

Comment

A settlement with South Korea is a primary objective of Japan's new Ishibashi government, and release of more than 800 Japanese fishermen has top priority. Japanese officials feel the fishermen are being held as hostages to force Japanese acceptance of Korean terms and have stated that Japan will be compelled to alter drastically its conciliatory attitude unless progress toward a settlement is made soon.

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