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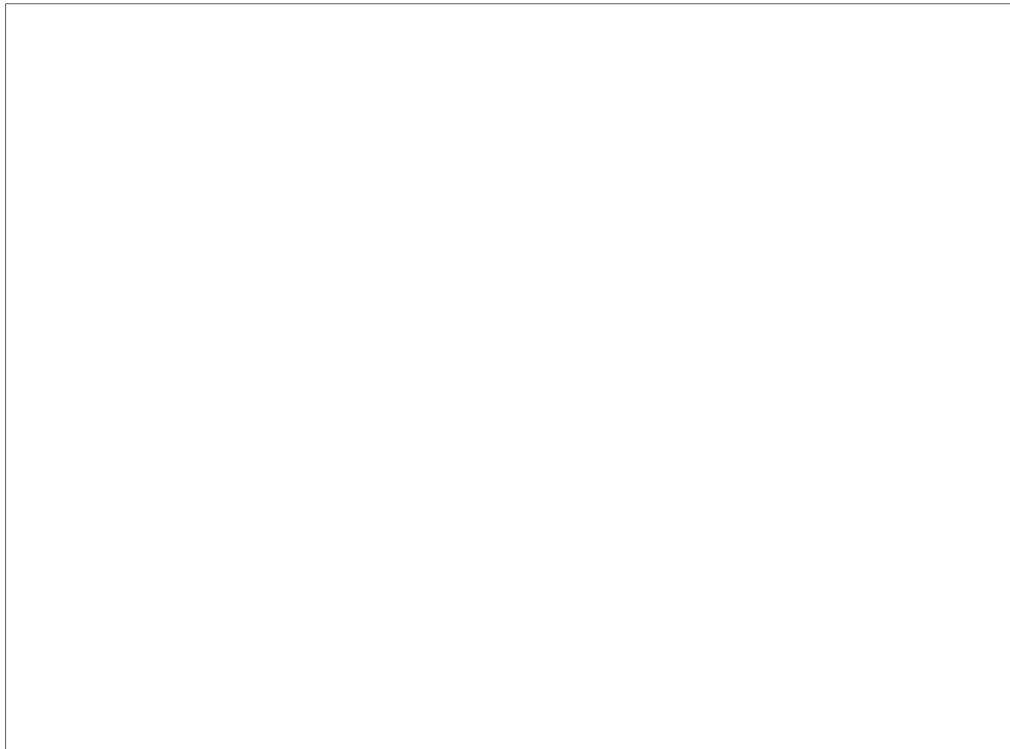
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CURRENT INTELLIGENCE BULLETIN

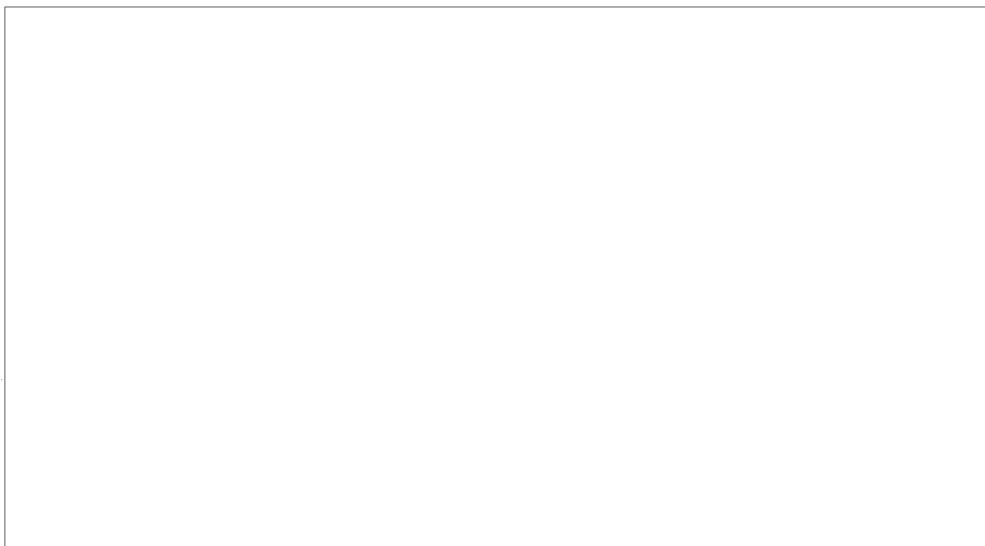
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~~TOP SECRET~~**CONTENTS**

1. EGYPT REPORTEDLY WILL REFUSE INVITATION TO LONDON CONFERENCE [redacted] (page 3).
2. HUNGARIAN BORDER CONTROLS REMAIN STRONG [redacted] (page 5).
3. VISIT OF LAOTIAN PREMIER TO PEIPING REPORTED IMMINENT [redacted] (page 6).
4. ADENAUER'S PARTY SPLIT ON SENDING PARLIAMENTARY DELEGATION TO MOSCOW [redacted] (page 7).

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THE ARAB-ISRAELI SITUATION

[redacted] (page 8)

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THE TAIWAN STRAIT

[redacted] (page 10)

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1. EGYPT REPORTEDLY WILL REFUSE INVITATION TO LONDON CONFERENCE

Egypt's plans for further diplomatic action to counter Western moves include an appeal to the UN Security Council on the ground that Western threats constitute a threat to peace. It will also attempt to place the question of internationalization of all international waterways before the UN General Assembly. Meanwhile, Egypt is urging countries not invited to the conference to raise objections.

In regard to military action, 100,000 reservists reportedly have been called up. Egyptian engineers have studied means of blocking the canal and believe they can do it so effectively it will take from one to three years to reopen. An Egyptian officer has been sent to Syria to organize fedayeen attacks on oil pipelines, and Jordanian fedayeen have been instructed to be ready to blow up oil installations in Kuwait, Dhahran and Bahrein. On 7 August Nasr allegedly outlined final plans for underground resistance, each of his lieutenants being given responsibility for organizing action in a specific geographic area.

Comment The American embassy in Cairo reported on 7 August that inspired editorials were giving increasing prominence to the idea of placing the dispute

~~TOP SECRET~~

~~TOP SECRET~~

in UN hands. Other portions of these reports--the diplomatic action to be taken in regard to countries not invited to the conference,

It seems doubtful that the reported plans for underground resistance, except for a resumption of guerrilla warfare in the canal zone, would be taken very seriously by the Egyptians themselves. The Egyptians also have probably exaggerated their ability to block the canal for a very prolonged period of time.

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2. HUNGARIAN BORDER CONTROLS REMAIN STRONG

Despite the removal of some mines and barbed wire fences, Hungary's control over its border with Austria apparently is as strong as that which existed before the 9 May announcement of a plan to remove all technical barriers. Two high-level Austrian officials who recently toured the border region announced that in most areas little or no progress is being made on this highly advertised example of the lifting of the iron curtain.

Other Austrian officials have recently reported that the Hungarians have greatly increased the number and armament of border guard troops along the entire border. The American embassy in Vienna reports that only 41 Hungarian refugees entered Austria in June--slightly less than the average of the preceding three months--thus providing further evidence that border controls remain strong.

The propaganda value of Hungarian and Czech efforts to remove the more obvious border barriers has been negligible. Recent border incidents have inflamed anti-Satellite sentiments among the Austrian public.

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3. VISIT OF LAOTIAN PREMIER TO PEIPING REPORTED IMMINENT

[redacted]
Laotian premier Souvanna Phouma is planning to leave Laos for an official visit to Peiping about 19 August, [redacted]

[redacted]
negotiations between the royal government and the Pathet Lao will probably not have ended by that time, and that such a visit would give the Chinese Communists a chance to exert heavy pressure for a settlement favorable to the Pathet Lao and themselves. [redacted]

Comment

Chou En-lai invited Souvanna to visit Peiping last May, but the Laotian premier has consistently indicated he would not go until the Pathet issue was resolved. A wide measure of agreement in principle has been reached between the government and the Pathet Lao representatives in Vientiane. Agreement on the details of such key issues as the restoration of the government's authority in northern Laos, elections, and the integration of Pathet personnel into the royal army and civil administration may, however, be protracted.

In connection with the May invitation, Souvanna has stated that any trip to Peiping would be in the nature only of a "courtesy visit." Discussions with the Chinese Communists at this time, however, might influence the Laotian government to adopt a more generous attitude toward the Pathets, and would probably accelerate establishment of relations with Peiping.

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4. ADENAUER'S PARTY SPLIT ON SENDING PARLIAMENTARY DELEGATION TO MOSCOW

[Redacted]

There is disagreement within Chancellor Adenauer's Christian Democratic Party (CDU) on the advisability of accepting the Soviet invitation to send a Bundestag delegation to Moscow. While Chancellor Adenauer has apparently tried to settle the matter in advance by publishing an article against acceptance, other influential members of his party in the Bundestag favor going.

Comment

The Bundestag is scheduled to act on the invitation in September after its summer recess. In view of the increasing concern within the CDU that the party is vulnerable to opposition attacks on its firm pro-Western policy, Adenauer may find it hard to maintain his position in the face of considerable resistance from his own Bundestag group.

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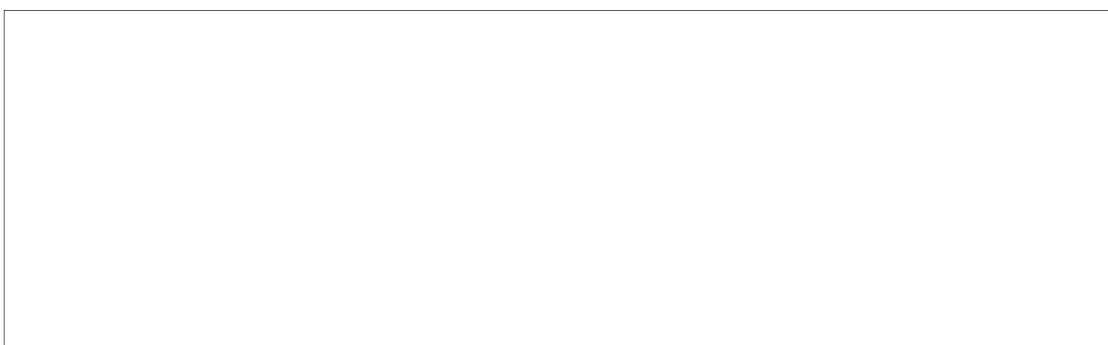
THE ARAB-ISRAELI SITUATION
(Information as of 1700, 8 August)

Israel is approaching all governments invited to the 16 August conference on the Suez to present Israel's demand that any final arrangement on the canal allow transit of its ships, according to the American embassy in Tel Aviv. The embassy stated that the Israeli government will suffer domestic censure if increased rights for Israeli passage in the canal do not emerge from the present situation.

The American air attaché in the Netherlands reports that an Israeli-Dutch agreement for purchase by Israel of 10 surplus Meteor jet aircraft was reached on 13 July. He said that two would be overhauled in June, four in July and four in August, and that they were to be ferried to Israel by Israeli pilots. He stated that apparently none have been delivered to Israel to date.

~~TOP SECRET~~

~~TOP SECRET~~



9 Aug 56

Current Intelligence Bulletin

Page 9

~~TOP SECRET~~

~~CONFIDENTIAL~~

**BIWEEKLY SUMMARY
(26 July-8 August 1956)**

THE TAIWAN STRAIT

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

1. There were no significant developments in the area during the period. [redacted]

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