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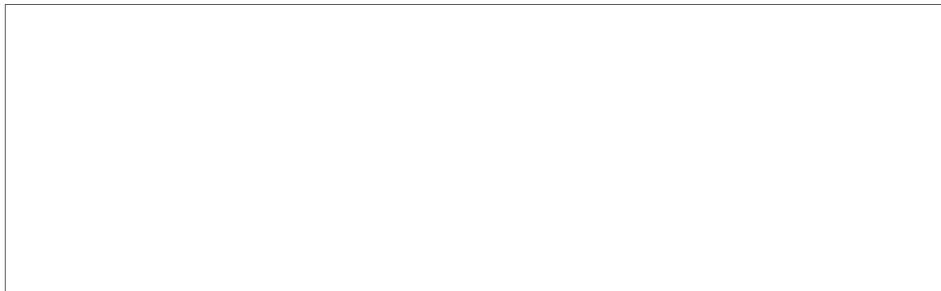
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1. POSSIBLE COURSE OF ISRAELI POLICY ASSESSED

Ambassador Lawson in Tel Aviv predicts that in formulating a new policy, the Israeli government at a minimum will place the country's economy on an emergency basis with partial mobilization of reservists and, at a maximum, stage an offensive against Egyptian forces with no more pretext than a frontier incident.

Even the minimum program, in the ambassador's view, would create an atmosphere which would almost compel the Israeli government to adopt a militant policy toward specific Arab-Israeli issues, such as Jordan water diversion, cross-border firing, and transit rights through the Gulf of Aqaba.

The embassy does not exclude the possibility that Israel may approach the USSR in regard to obtaining arms, although many Israeli leaders believe such a move would be abortive.

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**2. ALGERIAN NATIONALISTS WILL PROBABLY NOT
AGREE TO CEASE-FIRE**

The Algerian nationalists are not likely to lay down their arms in response to French premier Mollet's radio appeal.

[redacted] Their goal is independence, they have been winning in their fight against France, and they will not agree to a cease-fire in return for promises.

Implementation of the plan recommended by Minister Residing in Algeria Robert Lacoste--long-term economic and social projects in conjunction with an all-out military effort--would require a tremendous expenditure by France over an extended period. [redacted] foresees a long period of extreme tension and bloodshed.

Comment A further upsurge of nationalist violence in Algeria is anticipated during March.

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3. MOROCCAN-FRENCH DECLARATION SUSPENDS PROTECTORATE TREATY

Comment on:

The Moroccan-French declaration of 1 March suspending the 1912 protectorate treaty, rather than abrogating it as the Moroccans had demanded, appears to be a compromise to enable both governments to continue negotiations. According to a French Foreign Ministry spokesman, both the Moroccans and the French are satisfied with the vaguely worded protocol annexed to the declaration. This reserves some powers to the resident general--henceforth to be known as the high commissioner--and transfers other functions to the Moroccans, notably responsibility for internal order.

The French spokesman, while "relatively pleased" with the attitude of Moroccan negotiators, fears that further deterioration in Algeria might upset the agreement.

Moroccan sultan Mohamed ben Youssef, who expects to return to Morocco within a few days, will probably be pressed by the French to call for an end to the tribal rebellion in the Rif. He has been reluctant to test his influence among the rebels and may attempt to avoid making an open appeal to them until the groundwork can be laid for a demonstration of rebel loyalty to him.

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4. DANES WILLING TO CONSTRUCT MERCHANT SHIP
FOR THE USSR

[Redacted]
[Redacted] In an aide memoire delivered to the American ambassador in Copenhagen one hour after Prime Minister Hansen departed for Moscow on 2 March, the

Danish Foreign Ministry stated that Denmark would agree to construct a "sizable modern merchant vessel" for the USSR if necessary to obtain a formal trade agreement. The aide memoire added that if obliged to make a quick decision, Hansen would utilize an escape clause in the COCOM regulations which normally require prior consultation with other COCOM members on such commitments.

Comment

The Danish government had previously indicated that negotiations for a formal trade agreement with the USSR would not come up during Hansen's visit.

The USSR terminated formal trade relations with Denmark in mid-1954 because Denmark refused to construct tankers for the USSR. Never an enthusiastic supporter of COCOM, the Danish government is subject to strong domestic pressure to expand trade relations with the USSR, particularly in view of the difficulties Denmark is having in marketing its farm products in Western Europe.

Conclusion of such a ship contract by the Danes would have repercussions among other shipbuilding members of COCOM. (Concurred in by ORR)

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5. BRITISH PLAN TO RESTRICT SCOPE OF BULGANIN-KHRUSHCHEV ITINERARY

The British government now plans to keep Bulganin and Khrushchev in the London area during all nine days of their visit to Britain the latter

half of April, [] The government wishes to avoid giving the impression of a triumphal tour of the country, including centers of "leftist" influence, such as Glasgow, where the Soviet leaders might have the opportunity to "sound off" before sympathetic demonstrators. Earlier plans had allotted only four days to London.

The British hope that Khrushchev will not insist on an extensive itinerary. The minister of the Yugoslav embassy in London was told by a Soviet colleague, however, that Moscow was "not pleased" by the revised program suggested by Britain.

Comment

In recent weeks, the Foreign Office has appeared increasingly nervous about the visit, particularly in anticipation of adverse repercussions in the United States. Public opinion's prevailing attitude seems to be: "Let them see Britain--we've plenty to show them."

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6. INDONESIA PLANS TO ESTABLISH EXILE GOVERNMENT FOR WEST IRIAN

[redacted] Indonesia wants to set up a provincial government for West Irian (Netherlands New Guinea) to be located on a nearby island.

[redacted] sound out UN circles on their reaction to such an undertaking and its impact on the West Irian question in the United Nations.

Comment Although the Harahap government, [redacted] has now resigned, some such action on West Irian may be expected to be taken by the next cabinet. Indonesia's new parliament, which will be installed on 26 March, will include three appointed deputies to represent West Irian, and presumably they will be backstopped by some form of "provincial authority in exile."

Increased emphasis on nationalism appears to have become the keynote of Indonesian politics, particularly since the December elections. The establishment of a West Irian government would dramatize Indonesia's claim to the area.

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7. SOVIET AVIATION MISSION ARRIVES IN AFGHANISTAN

Comment on:



The arrival in Afghanistan on 29 February of a Soviet aviation mission headed by General N. S. Zakharov--first deputy chief of the Chief Directorate of the Civil Aviation Fleet (AEROFLOT)--could be

the beginning of a Soviet effort to freeze out Western interests in Afghanistan internal aviation. It also gives substance to reports that Moscow plans to construct airports and supply aircraft under the Soviet \$100,000,000 credit agreement reached last January.

Initial Afghan press reports stated that the purpose of the Soviet air mission was to discuss the "establishment of air service between Afghanistan and the USSR." In view of the fact, however, that AEROFLOT service between the USSR and Afghanistan is already operative on a fortnightly and charter basis, Ambassador Ward believes the mission's presence in Kabul is clear evidence of Soviet pressure to move into the Afghan aviation program.

The Soviet news agency TASS has announced the signing in Kabul on 2 March of a technical assistance agreement with Afghanistan which included, among other projects, the construction of an airfield at Baghlan and the reconstruction of the airfield at Kabul. (Concurred in by ORR).

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THE ARAB-ISRAELI SITUATION
 (Information as of 1700, 4 March)

The fact that Israel has asked for an investigation by a UN truce team of the clash between Israeli police and Syrian forces on 4 March suggests that Israel does not intend to use this incident as a starting point for large-scale hostilities. Shooting incidents have occurred several times in the last two weeks near Lake Tiberias, however, and a series of such clashes has in the past been followed by Israeli "retaliatory" action.

[redacted] On 29 February, the French [redacted] asked [redacted] to intervene with Syrian prime minister Ghazzi and point out to him "the danger which, in the present circumstances, even minimal provocations by Syrian elements at the Israeli border may present."

[redacted]

[redacted]

[redacted] Syria will receive by the end of April two training MIG's, 60 tanks, 30 heavy antiaircraft guns and 18 units of a weapon which could not be identified [redacted]

[redacted] "the next agreement includes 36 MIG's and 38 howitzers," and that experts would probably go to Syria and Syrian trainees go to Czechoslovakia. Such an arrangement would be similar to the Egyptian-Czech deal.

[redacted]

[redacted] in the Suez canal zone [redacted] Egypt has stationed 50 MIG's at El Arish, the advance Egyptian headquarters in the Sinai peninsula near the Israeli frontier. This is the first report that Egypt has moved MIG's to a forward base.

[redacted] the logistic and morale problems of the Egyptian troops in Sinai are severe.

[redacted] Egyptian units may be returned from Sinai to the canal area after the departure of British troops from the vicinity of Ismailia, the main point of transit across the canal.

[redacted]

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Israeli foreign minister Sharett believes the dismissal of General Glubb from command of Jordan's Arab Legion must be considered part of Egyptian prime minister Nasr's "encirclement" of Israel.

Nasr was on the march and operates through conquest by penetration. The Israeli foreign minister also said he believed the Arab Legion might lose some of its effectiveness, although this might be a slow process. He feared development of a corresponding lack of responsibility and discipline which would intensify Israel's border security problems.

despite Iraq's political gestures of support to Syria and other Arab states, the Iraqis plan to support only Jordan in case of war with Israel.

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