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**1. GROMYKO SUGGESTS BROAD REPRESENTATION IN
NEW EAST-WEST MEETING**

Comment on:

Foreign Minister Gromyko took the opportunity of a press interview on 13 November to reiterate Khrushchev's 6 November call for a high-level meeting of "representatives of capitalist and socialist countries" and suggested that its composition might be "wider than at Geneva in 1955."

It is unlikely that the Soviet leaders expected an affirmative Western response to this call. They probably regard the proposal as their most effective means of countering American and British measures to strengthen the NATO alliance. Khrushchev's 6 November declaration that the USSR would never "use any means of destruction" except in retaliation against an "imperialist" attack, as well as his call for new East-West talks, was calculated to emphasize the contrast between Moscow's peaceful coexistence line and the West's alleged "positions of strength policy."

The Soviet leaders may be planning to send formal notes to President Eisenhower and the heads of the major NATO powers prior to next month's NATO Council meeting expressing their concern over increased international tensions and calling for a broad East-West conference to renounce war as a means of settling international problems, to end the cold war and the armaments race, and to establish international relations on the basis of coexistence. Such an initiative would be designed to bring pressure on NATO governments to postpone decisions on such measures as increasing coordination of defense research and production until Soviet intentions could be explored in a new round of talks.

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**2. JAPAN EXPECTS TO SIGN OIL AGREEMENT WITH
SAUDI ARABIA SHORTLY**

Comment on:

The Japanese Foreign Ministry has confirmed press reports that Japanese business interests have reached substantial agreement with Saudi Arabia on an oil concession in the offshore neutral zone and are expected to sign about 20 November. Earlier reports indicate that the ruler of Kuwait, who has equal rights with the Saudis in the neutral zone, will probably join in this agreement.

Under the terms of the agreement, 56 percent of the profits would go to the Arab governments and 44 percent to the Japanese, thereby breaching the 50-50 division of profits which prevails in the Middle East. The British adviser to the ruler of Kuwait states, however, that when large-volume discounts included in the agreement are taken into account, the profit split may change to 60-40 in favor of the Japanese.

Japanese business interests have obtained \$10,000,000 to explore the concession, but will require and probably receive additional financial support from official sources. The government is objecting to the profit-division formula, but the American embassy in Tokyo believes that the agreement will be signed even if the terms cannot be changed.

Japan probably will request American technical assistance, presumably on a contract basis, to conduct underwater drilling. [redacted]

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~~CONFIDENTIAL~~**3. INDONESIAN COMMUNIST LEADER SHOWING CONFIDENCE****Comment on:**

In an 8 November speech, Indonesian Communist leader D. N. Aidit said that the party would prefer to use parliamentary methods, but that if it were banned, he would be "forced to take other means" to achieve "socialism" in Indonesia.

The American embassy in Djakarta comments that the Communists, strengthened by recent electoral successes in Java, probably believe that if left undisturbed they have good prospects for capturing Indonesia by ballot and wish to keep parliamentary institutions available as instruments to this end. Aidit's references to the peasantry were of such a nature as to suggest that he intends to follow the example of Communist China and increase Communist influence in rural areas rather than rely on the party's present centers of strength in the cities and trade unions.

Audit's speech reflects the confidence derived from the Indonesian Communists' greatly improved position as the largest party in Java and the second largest Communist party in Asia. The Communists, however, probably want to increase their influence in both the Indonesian army and in the non-Javanese areas before attempting to take over the government.

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4. CHINESE STUDENTS RIOT IN MALAYA

Comment on:

[Redacted]

The generally stable situation that has prevailed in Malaya since its achievement of independence in August 1957 has been broken by student riots which began on 14 November. This outbreak was touched off by the government's efforts to eliminate Communist agitators among students in the Chinese schools. Authorities expect the trouble to spread, as Chinese students in two other cities including the capital, Kuala Lumpur, are refusing to attend classes as a result of this action.

Chinese schools are privately operated and traditionally have been free of government control or support. Government leaders are convinced that if subversion is to be controlled and a "Malayan outlook" developed among Malaya's 2.5 million Chinese, the schools must accept government aid and regulation. Malayan Education Minister Khir Johari is on record as saying he will tolerate "no nonsense" in the schools, and stern government repressive measures can be expected against any further outbreaks. The continued application of this policy will, however, almost certainly arouse serious opposition among the Chinese.

Such a development will place a heavy strain on the delicately balanced Malay-Chinese political cooperation within the Alliance party which controls the government. Any serious breach between the Chinese and Malay communities would undermine Malaya's stability at a time when the Communist guerrillas have offered to surrender in the hope of undertaking a mass subversion program.

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5. CALL-UP OF SYRIAN RESERVES ON 16 NOVEMBER

Comment on:

Syrian army orders to personnel of 19 unspecified reserve "groups" to report for duty on 16 November probably constitute another move to exploit the "national crisis" with Turkey to curb internal opposition. According to the Damascus radio on 14 November, the reserves were being recalled for refresher training; other broadcasts, however, stated that the reserve units would be deployed on the Turkish border along with the Egyptian detachments in Syria. No large-scale recall of Syrian reserves was ordered during the height of the crisis with Turkey. Most Turkish units have now completed maneuvers near the Syrian border begun at the start of the week, and redeployment of some of these forces to their home stations is expected to begin shortly.

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**6. BONN TO ASK AT NATO MEETING FOR
MISSILE PRODUCTION**

Comment on:

West Germany is planning to propose to the 16-18 December NATO meeting the removal of treaty restrictions on German missile production. It has mapped a missile program for weapons from a type of bazooka to a ballistic missile of 900-mile range.

Defense Minister Strauss announced on 14 November that Germany might participate in NATO production of a variety of smaller missiles including a surface-to-surface missile of limited range.

The defense committee of the Bonn cabinet has unanimously agreed that the NATO meeting must produce specific results for strengthening the Atlantic community, and a Foreign Ministry official has prepared preliminary proposals. His desire for a new US statement of reassurance reflects the anxiety felt by continental nations about the extent of the US commitments to defend Europe in case of conflict. The official also favors the strengthening of NATO on the political side, a development France would probably support. French leaders are expected to insist upon close coordination by NATO countries of all policies "bearing on Western solidarity."

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7. BONN DIPLOMAT TO RECOMMEND GREATER GERMAN ROLE IN MIDDLE EAST

Comment on:



The West German ambassador to Turkey intends to see Chancellor Adenauer and recommend closer US-German-Turkish cooperation in countering Soviet influence in the Middle East. He also intends to suggest a substantial German loan to Turkey as a demonstration of the value of Western assistance and to offset the Soviet attempt to make a "showcase" of Syria.

He is impressed with the need to bring Syria and Egypt "back into the Arab fold," and in this respect sees Nasir as a more valuable and usable instrument than King Saud.

Bonn's economic influence and political prestige in Turkey has grown considerably in the past two years. Turkey, however, has an unfavorable trade balance of \$60,000,000 with West Germany. Egypt is West Germany's second largest trading partner in the area. Nasir's failure to follow Tito's lead in recognizing East Germany was well received by the Bonn Foreign Ministry, and there is an inclination to view Nasir in a more favorable light.

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8. BONN OFFICIAL SEES REDUCED EAST GERMAN HARASSMENT OF TRADE

Comment on:

A West German official who has just completed interzonal trade negotiations with his East German counterparts feels that the East Germans will relax their harassment of goods movements because of their interest in maintaining interzonal trade. The new billion-dollar interzonal trade agreement signed on 14 November covers two years instead of the usual one and maintains substantially the present level of trade.

While there has been no significant interference with normal interzonal trade shipments since early 1956, East Germany has recently been seizing parcel post shipments to West Germany and carrying out intensive checks designed to prevent the flow of the new East German currency to the West. In considering still tighter control measures in Berlin, the East Germans might be swayed by fear of West German retaliation cutting down the flow of essential goods, particularly iron and steel.

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**9. DUTCH VIEWS ON NEW GUINEA QUESTION BEFORE
THE UN GENERAL ASSEMBLY**

Comment on:

On the eve of the UN General Assembly discussion of the Netherlands New Guinea issue, the Dutch government is showing considerable nervousness over the outcome and increasing resentment over the US position of neutrality. Foreign Minister Luns called in Ambassador Young on 14 November and told him that a recent US statement expressing hope that the two parties to the dispute could work out their differences together would in fact be construed as US support for the Indonesian resolution. He feared this would influence the Latin American bloc in particular and that the Indonesian resolution would pass "despite anything the Dutch could do to stop it."

In view of the Netherlands' determination to hold on to New Guinea, an assembly vote in favor of bilateral negotiations would probably lead The Hague to deny UN jurisdiction in the issue and refuse to carry out such a UN recommendation. The Dutch will probably also blame the US for any weakening of their hold on New Guinea--thus raising another colonial issue to trouble the December NATO conference.

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10. BRITISH THERMONUCLEAR WEAPON TEST

On 8 November, the United Kingdom tested near Christmas Island a nuclear weapon which yielded approximately three megatons. The explosion, an air burst, was the sixteenth known to have been conducted by the UK. Characteristics associated with a thermonuclear weapon design were observed. However, preliminary analysis of the weapon debris indicates that the device was not particularly "clean," or free from radioactivity, as claimed by the British. The test results indicate a major improvement over devices previously tested by the UK.

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11. POLITICAL DEVELOPMENTS IN CUBA

Comment on:



Rising tension between Cuban President Batista and opposition groups is reflected in an increase in anti-government activities, including sabotage.

The revolutionary opposition, led by Fidel Castro in Oriente Province, has opened its campaign of burning sugar cane fields in order to undermine the properous national economy, on which Batista's continuance in office has depended to a large extent. This sabotage has had small effect thus far, but the rebels hope to call a general strike to coincide with the opening of the sugar harvest in late December, and they have announced plans to increase political assassinations.

Batista is taking steps to increase the government's control over the situation. A 13 November proposal to unify the armed forces under a joint military board--which would probably be headed by a firm Batista adherent--is probably intended to aid the armed forces in dealing with revolutionary outbreaks.



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