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1. THE SITUATION IN JORDAN
(Information as of 2300 EST)

Comment on:

King Hussain's reported designation on 12 April of Senate President Said Al-Mufti to form a new government suggests that the king may be unable to obtain a new cabinet except on the terms of the coalition of leftist parties which dominated the Nabulsi government. Egyptian press reports state that Al-Mufti, King Hussain's third designee since the resignation of Nabulsi, will attempt to form a government of independents who are probably not members of the legislature. His chances of securing parliamentary support appear slim, and the king may be forced to attempt to dismiss the legislature and rule by martial law in order to install a government acceptable to him.

Earlier, on 12 April, Abdul Halim Nimr, minister of defense and interior in the outgoing Nabulsi cabinet, abandoned attempts to form a new cabinet. Nimr, a National Socialist, initially appeared to have the support of the leftist anti-Western coalition of the National Socialist, Baath and National Front Parties, which dominated the Nabulsi cabinet. This coalition, which also controls the legislature, has operated on the assumption that no cabinet could be formed without its support.

Meanwhile, according to unconfirmed press reports from Israeli-controlled Jerusalem, Syria has announced that it is reinforcing its 3,000 troops in Jordan because of the threat of an Israeli invasion. Such a move would probably also be intended to support the leftist forces.

Cairo radio which has charged that Nabulsi's resignation was engineered by "imperialist influences," has declared that Egypt, Syria and Saudi Arabia are in constant consultation on means to protect Jordan against possible Israeli or Iraqi moves.

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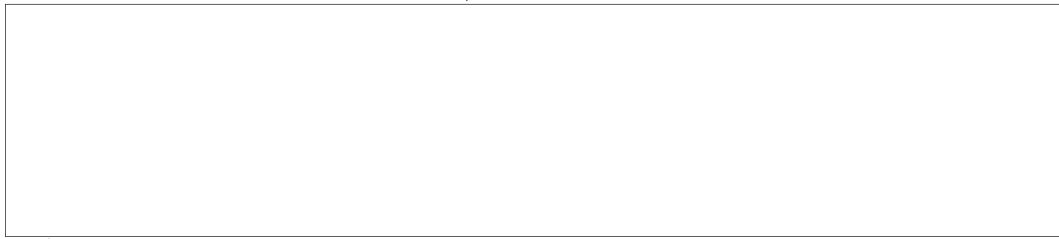
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2. MILITARY DEVELOPMENTS IN EGYPT

Comment on:

[redacted] limited new troop movements into the Sinai Peninsula, apparently including an armored car battalion and infantry brigade, are taking place. The destination of these units is uncertain. Regular army troops already in eastern Sinai are estimated to be no more than 1,800; there are in addition approximately 1,000 Frontier Corps troops deployed throughout Sinai in small detachments, and probably at least 1,000 Palestine army troops in or near the Gaza strip.

[redacted] the Egyptians desire to conceal the mission and presence of the limited new forces being sent into Sinai.

[redacted] On 11 April, in an apparent attempt to play down the troop movements, Cairo announced that the Egyptian army had started annual maneuvers three days earlier.

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3. UNEF CHIEF HAS REPORT ISRAEL MAY SOON ATTEMPT TRANSIT OF SUEZ CANAL

[Redacted]

General Burns, chief of the UNEF, has informed the American embassy in Cairo that he has a reliable report that Israel plans to attempt to send a ship through the Suez Canal in the very near future. Burns believes that reported Egyptian troop movements are probably defensive and evoked by the possibility of a French-Israeli follow-up should an Israeli vessel be barred from the canal.

Comment Israeli leaders have stated repeatedly that they intend at an appropriate time to assert their right to transit the canal. The Israelis have given the impression that they would await the outcome of Western efforts to obtain a favorable settlement of the canal question, but they have also evidenced some concern that their claims might be overlooked in connection with such a settlement.

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**4. EGYPT ORDERS SPECIAL PROPAGANDA CAMPAIGN
AGAINST ISRAEL**

The Egyptian Foreign Ministry [redacted]
ordered a daily propaganda cam-
paign against Israel [redacted]

[redacted] the objectives of the campaign are to emphasize the "aggressive and expansionist aims of Israel against Egypt" by publicizing provocative statements by Israeli officials and border incidents perpetrated by Israel, and "to prepare world-wide opinion" to accept Egyptian preventive measures against Israeli attempts to use the Suez Canal and the Gulf of Aqaba.

Comment This campaign will fit in with the Egyptian military alert and the reopening of the Suez Canal. Cairo apparently believes that its position opposing Israeli shipping through the canal and Aqaba is most vulnerable to Western diplomatic attack. Cairo presumably wants to prepare its position in case the Suez issue is again brought into the UN or Israel attempts to send a test ship through the canal.

On 11 April the commander of the Egyptian navy stated that some naval units had been ordered to move from Alexandria to Port Said. According to another report, two freighters loaded bulk cement at Alexandria on 10 April under army orders, and [redacted] this method of loading would be used only if the ships were intended for scuttling. [redacted]

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5. SITUATION IN INDONESIA

Comment on:

The possibility of conflict in South Sumatra appears to be increasing as a result of the build-up of both Sumatran and Javanese forces in that province. In addition, an intense propaganda campaign for popular support is being waged by pro- and anti-Djakarta elements.

Following the abortive coup in Palembang by Javanese troops on 31 March, which reportedly narrowly escaped becoming a "military action," opposing forces have

largely broken off contact. Javanese troops are reliably reported to be concentrating in the southern part of the province, and can count on support of the air force and navy, which are loyal to Djakarta. Sumatran troops and reserves, on the other hand, are located north of the town of Baturadja. Lt. Col. Hussein in Central Sumatra is said to be sending reinforcements to support these troops under Col. Barlian, the South Sumatran commander.

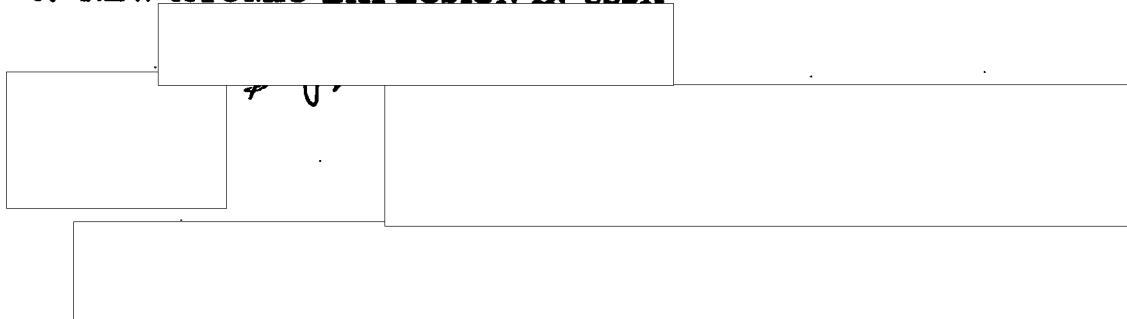
An official of the Central Sumatran governing council has stated that President Sukarno's new cabinet will not be supported by the outer islands or trusted fully by the people. He said provincial and military demands that former vice president Hatta be included in the cabinet had been disregarded and that the participation of fellow travelers had disappointed religious groups.

In Djakarta, meanwhile, Sukarno has informed the American ambassador that the cabinet's relationship with parliament would be normal and that parliament retained the power to vote the cabinet out of office. He also sought to give assurances on its political orientation by repeatedly asserting that it contained no Communists, but only "left-wingers" like himself.

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6. NEW ATOMIC EXPLOSION IN USSR



Comment

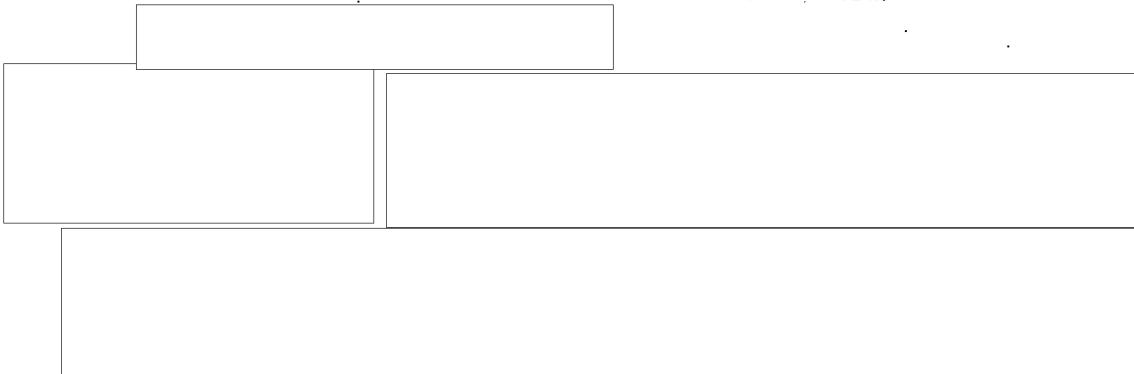
This is the fourth atomic test to be conducted by the USSR in the past ten days.

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~~SECRET~~**7. USSR REPORTEDLY OFFERS AID TO TUNISIANS****Comment**

Tunisia is seeking economic aid from various sources and might be receptive to Soviet aid if France continues to withhold credits and the economic situation deteriorates further. Although the Soviet delegation might have alluded to economic aid projects to induce Tunisia to engage in further talks, any offer made was probably a generalized one and smaller than the one reported. The delegation is reported to have called on the Tunisian minister of national economy, but the Bourghiba government scrupulously avoided other high-level contacts.

Tunisian trade with the Soviet bloc is conducted within the framework of French trade agreements with the bloc and in 1955 amounted to about 1 percent of Tunisia's total trade, or \$2,000,000. Potentialities for expanding this trade are limited. Tunisia is heavily in debt and under its present trade setup could not repay a normal loan. Hence the terms of any Soviet credit would have to be uniquely favorable to Tunisia.

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8. SINO-POLISH COMMUNIQUE INDICATES CHINESE COMMUNIST ENDORSEMENT FOR GOMULKA

Comment on:

The joint statement issued in Peiping during the visit of Polish premier Cyrankiewicz is a Chinese endorsement of the Gomulka regime and its moderate course. The Chinese express gratification with Polish Communist Party achievements since last October, hail Gomulka's leadership, and express confidence that the Poles will make "increasingly important contributions" to strengthening the "great family of Socialist countries."

The communiqué states that local conditions must influence the internal development of Communist countries, but that this development is to be in the context of Marxism-Leninism. The communiqué calls for consistent opposition to all deviations, "whether doctrinaire or revisionist," an implicit criticism of extremists in both Warsaw and Moscow.

On matters of foreign policy, the communiqué sticks close to the bloc line on most major points. It urges the necessity for reinforcing bloc solidarity against the West and calls the Warsaw treaty an "entirely necessary" defensive measure.

The communiqué does not make the customary reference to the USSR as head of the Communist world, and while approving the Kadar regime, omits the Soviet view that counterrevolutionaries instigated the Hungarian rebellion. Peiping's willingness to overlook such Polish divergencies is in keeping with the announced Chinese Communist policy of exploiting areas of agreement while reserving differences.

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9. NEW ZEALAND ARMY FAVORS AMERICAN EQUIPMENT AND ORGANIZATIONAL PATTERN

According to the American army attaché in Wellington, the New Zealand army is considering converting its single British-type infantry division to a corps with two infantry divisions, each divided into five subordinate combat teams, on the new American "pentomic" pattern. This would require some increase in New Zealand's 7,000-man regular army as well as its 35,000-man territorial forces. Army officials have also proposed that these units be re-equipped with American materiel.

The attaché points out that this thinking is a result of recent defense policy decisions taken by Britain and Australia, and may foreshadow the development of a mutually supporting defense structure with Australia.

Comment

Australia's recent decision to re-equip its armed forces with American rather than British materiel undoubtedly has had a strong impact on New Zealand defense planning. New Zealand's limited dollar resources, together with the government's reluctance to spend money for defense--which received only 7 percent of total expenditures in the 1956 fiscal year--raise the likelihood that American assistance will be sought to implement any decision to purchase US equipment.

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