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11 March 1958



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CENTRAL INTELLIGENCE BULLETIN



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11 MARCH 1958

I. THE COMMUNIST BLOC

Peiping publicizing Asian Communist peace offensive for maximum propaganda impact as SEATO meeting begins.

II. ASIA-AFRICA

Indonesia - Major military campaign under way as Djakarta launches assault on Sumatra.

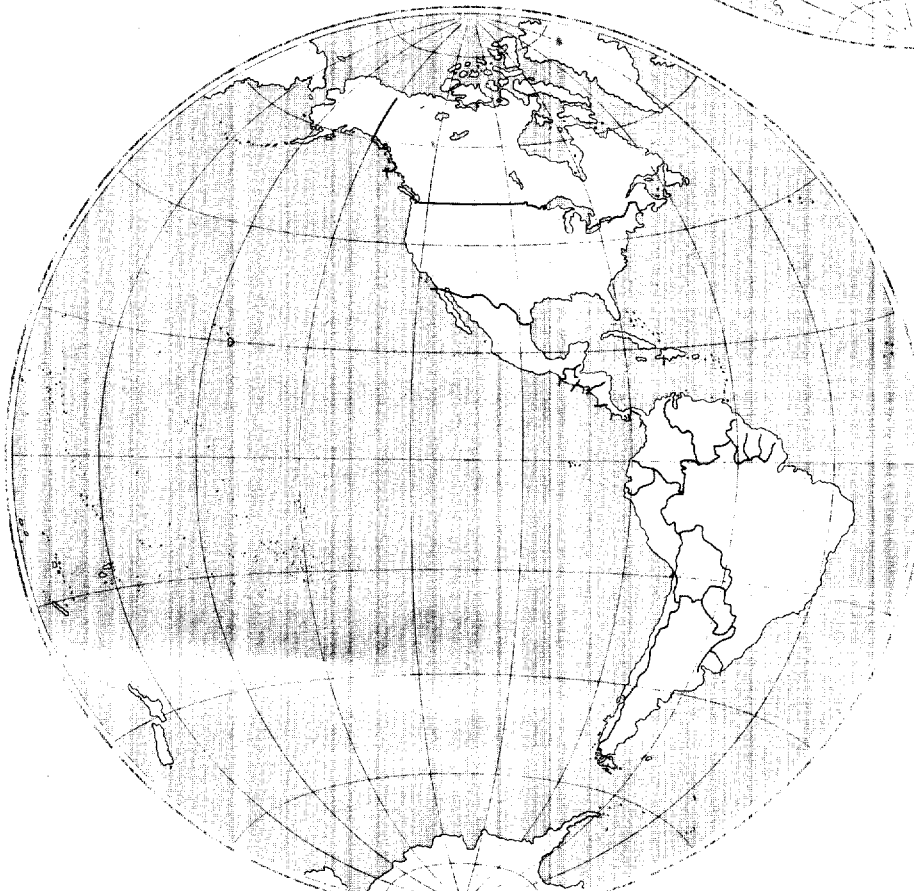
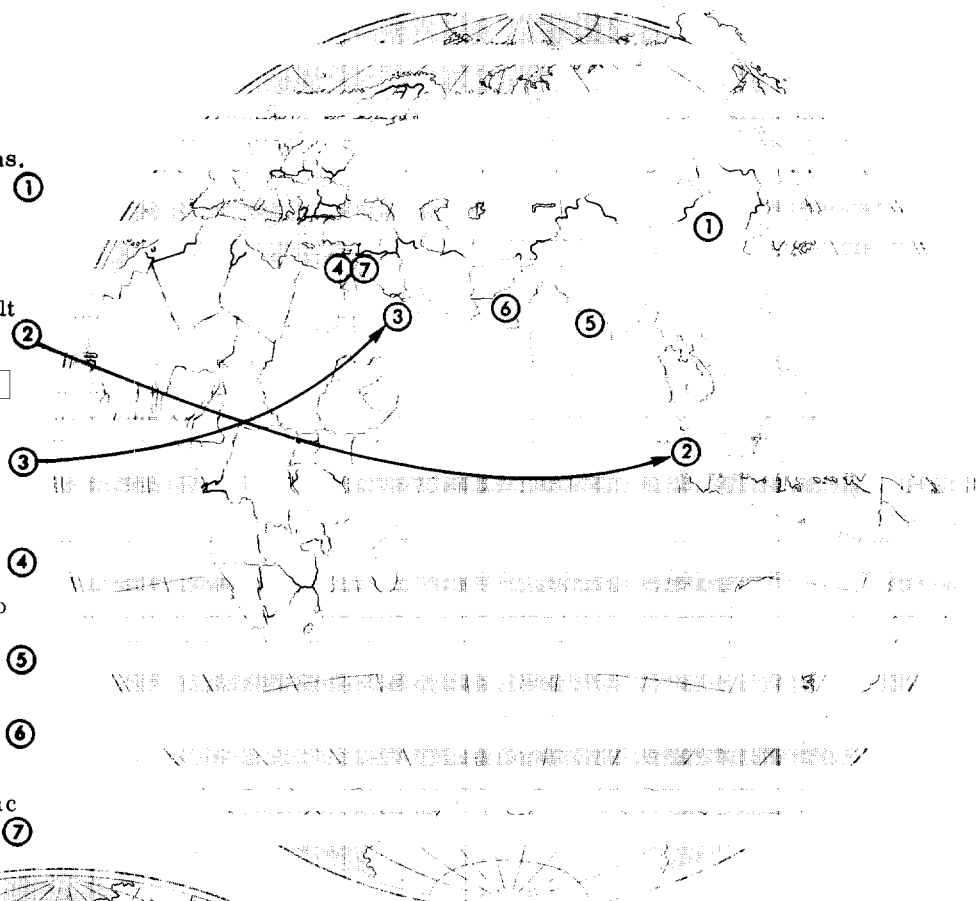
Saudi Arabia cancels all leaves Cairo government news agency highlights explosiveness of Saud's internal difficulties.

Egypt probably plans creation of legislative council in Gaza as appeal to rally all Palestinian refugees.

India - USSR may finance larger of two new oil refineries projected by Indian Government.

Pakistani premier's threat to change foreign policy discounted.

Jordan - Husayn's plan to bar Syrian trucks could provoke effective economic blockade by UAR.



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CENTRAL INTELLIGENCE BULLETIN

11 MARCH 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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Communist China - Vietnam: Peiping's endorsement of Hanoi's proposals for early North-South talks on bilateral troop reductions and trade in Vietnam is intended to demonstrate bloc initiative for a negotiated settlement of Asian issues. Peiping is relating this latest gesture to other recent bloc proposals for East-West talks and to its own decision to withdraw Chinese troops from Korea. The Hanoi-Peiping move, like the 8 March Pravda attack on SEATO, was probably timed to achieve maximum impact on the current SEATO meeting in Manila. [redacted]

(Page 1)

II. ASIA-AFRICA

no

*Indonesia (as of 0001 hours, 11 March 1958): Indonesian army forces made new landings on the east coast of Central Sumatra on 10 March and are apparently converging on the dissident-held oil center of Pekanbaru. This movement may be one of a three-pronged attack on the dissident strongholds of Padang and Bukittinggi on the west coast. The other two would involve an amphibious assault in the Padang area and an overland advance southward from Medan. [redacted]

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(Map)

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*Saudi Arabia: All leaves of Saudi military personnel, in both the army and auxiliary forces, have been canceled, presumably from fear of Egyptian-inspired action against the King. [redacted] Cairo has made extraordinary efforts to evacuate its personnel from Saudi Arabia by the 11 March deadline, [redacted] Nasir may accept Saud's offer to meet him personally. [redacted]

The Egyptian government-controlled news agency, however, is disseminating a statement by a Lebanese opposition leader that "it would not be strange for the world to see an uprising from the heart of Saudi Arabia," led by princes "who boil with liberated Arab nationalism."

Egypt--Gaza strip: Cairo has begun its propaganda build-up to associate all Palestine Arab refugees with the rejuvenated "Palestine" legislative council in Gaza scheduled to be announced about 15 March. The move is likely to cause more unrest in West Jordan and further disturb the Israelis. [redacted] (Page 4)

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India - USSR: The USSR may provide financial aid for one of the two oil refineries the Indian Government intends to build in eastern India. This was intimated privately by the Indian minister for mines and fuel early in 1958, and was publicly expressed on 8 March by the leader of a Soviet parliamentary delegation now touring India. Soviet interest probably will center on a refinery planned west of Calcutta in Bihar State, since Rumania is reported to have made a firm aid offer for a small one to be built in Assam. [redacted] (Page 5) (Map)

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DAILY BRIEF

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Pakistan: Pakistani Prime Minister Noon's statements on 8 March, which included a threat to turn "elsewhere" if full British and American support on Kashmir is not forthcoming by April, spring from frustration and a need to counter recent opposition criticism of the government's economic dependence on the West and its lack of independence in foreign policy. These statements by the irresponsible and unpredictable prime minister--who stressed the necessity of Pakistan's alliances with the West only two days earlier--are unlikely to result in any change in the government's foreign policies which are largely controlled by President Mirza. [redacted]

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Jordan - Syria: Jordan may be subjected to an economic blockade by the United Arab Republic if King Husayn carries through his ill-conceived plan to prevent Syrian trucks from entering Jordan and Iraq, in retaliation for recent Syrian restrictions on Jordanian trucking. Since Jordan's established supply routes are from the Mediterranean through Syria, retaliatory measures imposed in turn by the United Arab Republic could further seriously dislocate the Jordanian economy. [redacted]

(Page 6) (Map)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Communists Propose New Negotiations on Vietnam

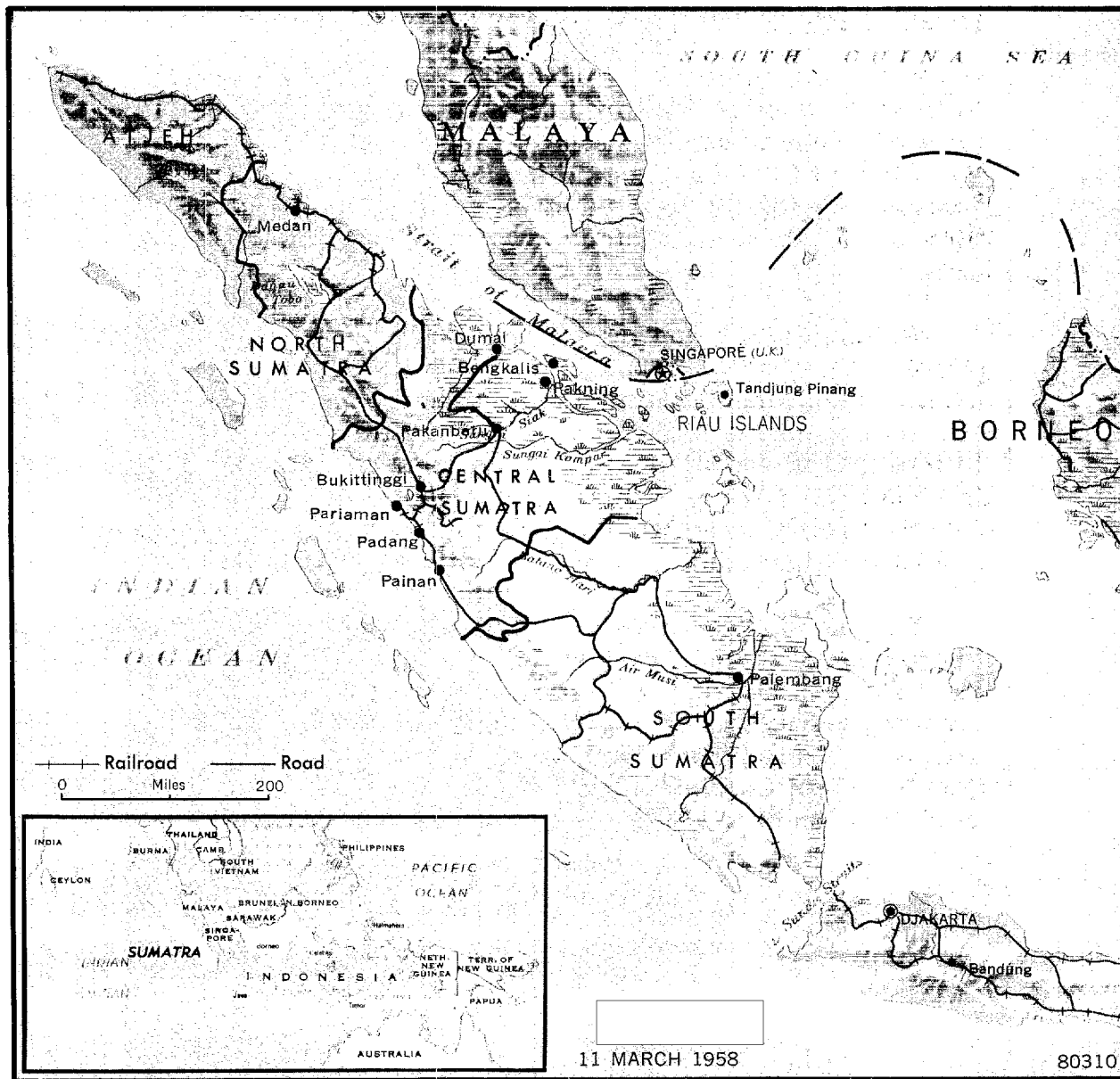
Peiping is publicizing Hanoi's 7 March letter to South Vietnam as another bloc initiative for a negotiated settlement of Asian issues. The letter, sent by Premier Pham Van Dong to President Diem of South Vietnam, proposed early North-South talks to discuss bilateral troop reductions and trade as first steps toward reunification of Vietnam.

Peiping is relating the letter to the recent "peace" proposals of the USSR, Poland, and North Korea, and to Communist China's decision to withdraw its troops from Korea. The release of the letter apparently was timed to coincide with preparations for the SEATO nations' meeting in Manila. In a 9 March Foreign Ministry statement on the letter, Peiping charged that the United States is building military bases in South Vietnam and is trying to "drag" Saigon into SEATO.

Peiping and Hanoi seem to be concerned over the steady improvement of South Vietnam's army and are subjecting the American military aid program in South Vietnam to increasing criticism. The Communists in recent months have accelerated their campaign to persuade the International Control Commission (ICC) to label this assistance as a violation of the 1954 Geneva Armistice.

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II. ASIA=AFRICA

Indonesia (As of 0001 Hours, 11 March 1958).

The Indonesian Army made new landings on the east coast of Central Sumatra on 10 March with the objective of closing in on the dissident-held oil center of Pakanbaru. The Indonesian foreign minister informed the American ambassador in Djakarta that military operations had started at Pakning, an oil terminal at the mouth of the Siak River, and that the troops involved in this operation would be moving upriver toward Pakanbaru. He also indicated that other forces had landed at Dumai, 50 miles to the north, and would proceed overland to Pakanbaru. The foreign minister's statements are supported by information received from Caltex officials, British air reconnaissance, and press reports.

Other press reports, as yet unconfirmed, state that the Pakanbaru operation is one of a three-pronged attack aimed at driving the dissidents out of their twin strongholds of Padang and Bukittinggi on the west coast. The other two involve an overland advance southward from Medan, where government forces have been building up, and an amphibious assault on the beaches between Painan and Pariaman.

Government officials continue to be optimistic of achieving a quick victory. In this connection, the Indonesian army G-2, who participated in the 7 March landing on Bengkalis, []

[] the dissidents' defenses in the Pakanbaru area are thinly spread and that their morale is "rather low." Djakarta is also counting heavily on defections among the dissidents as well as on their being unwilling to fight; [] gov-ernment troops at Pakning are "eating from the same mess" as the rebel troops.

Dissident leaders, however, continue to make defiant statements and promise a stiff fight. Lt. Col. Hussein, for instance, has told his troops that the "time has come

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for you to prove your loyalty to the revolution and to fight for our ideals."

In Djakarta, a prominent politician who has served in a liaison capacity between Padang and the central government in the interest of working out a negotiated settlement says that a substantial part of the attacking forces is composed of Communist veterans armed by the central government. He regards this as evidence that Djakarta has no present intention of compromising with the dissidents.



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Egypt Preparing for Announcement of New
"Palestine" Assembly

A petition signed by 5,000 Palestinian refugees living in Syria, requesting "the immediate merging of Palestine with the United Arab Republic," has been presented to UAR President Nasir, now visiting in Damascus. [REDACTED]

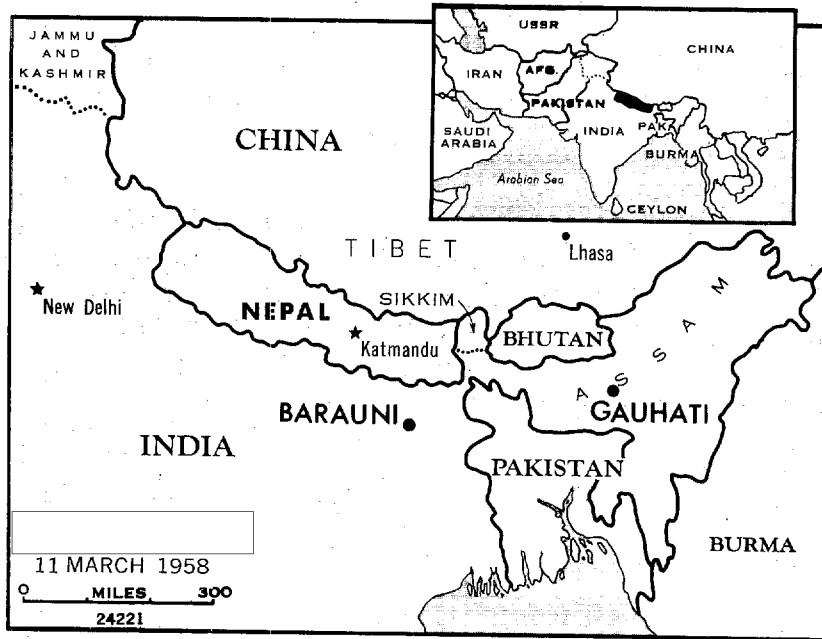
[REDACTED] the petition was arranged by the Egyptians in coordination with their plans for the institution of a "Palestine" legislative council in Gaza about 15 March. Cairo evidently intends this event to have much greater psychological impact than is implicit in official assertions that the new Gaza council will merely implement provisions of an earlier law.

The effort to associate Arab refugees with an Egyptian-sponsored "Palestine" probably is designed to stir up unrest among the more than half million refugees living in West Jordan, the sector of the former Palestine mandate which was annexed by Jordan in 1950. Some 220,000 refugees are under Egyptian control in Gaza, while roughly 100,000 are in Lebanon and 90,000 in Syria. To the vast majority, Nasir is a hero who will ultimately lead an assault on Israel to recover the property abandoned by the refugees during the 1948 Arab-Israeli war.

Within Israel itself, a "national liberation movement" meanwhile may be initiated by Arab Communists who, with probable Soviet backing, have split with the Jewish leadership of the Israeli Communist party and are attempting to win support of Israel's nearly 200,000 Arabs. This development complements the Egyptian move and probably will excite the refugees into the belief that further steps against Israel may be imminent. [REDACTED]

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India May Accept Soviet Offer to Finance Oil Refinery

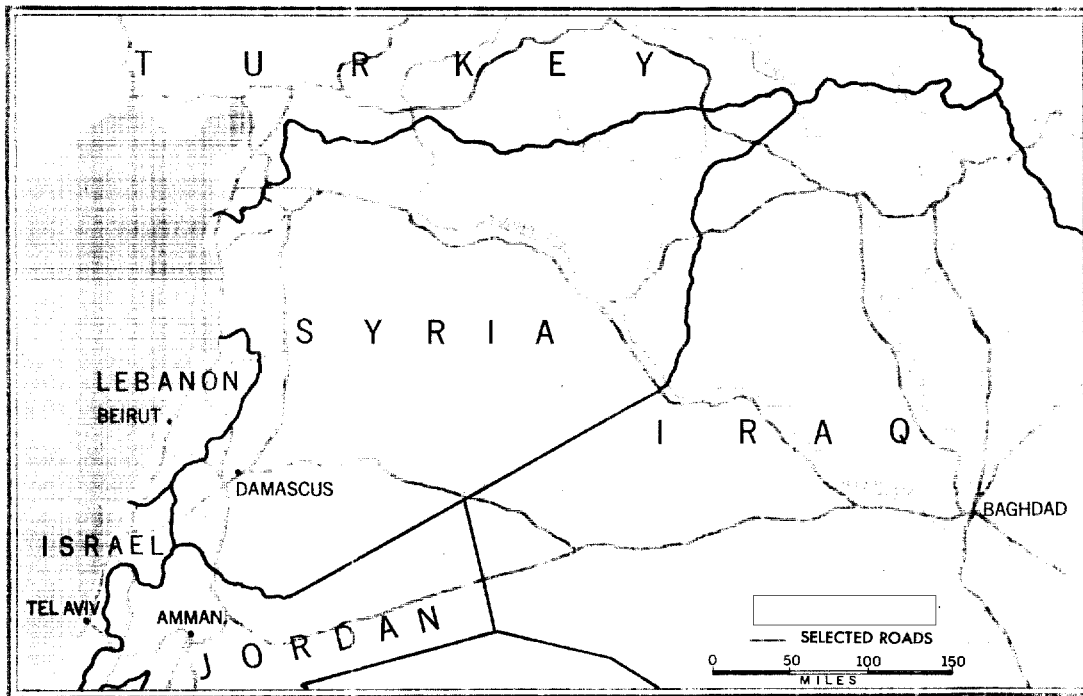
The Indian Government may accept a Soviet offer to finance one of the two state-owned oil refineries planned in eastern India. The leader of the Soviet parliamentary delegation now touring India stated on 8 March that the USSR was considering assistance for the project. Soviet interest probably centers on the refinery planned for Bihar State, since the Rumanians have offered to construct the refinery planned at Gauhati in Assam.

The two refineries are to have a combined capacity of 50-60,000 barrels a day, with the refinery in Bihar accounting for about three fourths of total output. The total cost of the refineries will be approximately \$70, - 000,000, about half in foreign exchange.

The Indian Government has requested financial assistance for the Bihar refinery from Western oil companies, which own the four existing refineries in India, but they have apparently decided not to participate. The minister of mines and fuel informed the US Embassy in New Delhi on 7 February that India had approached West Germany and France as well as the USSR for assistance, and requested the United States to consider financing the project. [REDACTED]

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Jordan-Syria Economic Warfare Looms

A dispute over the movement of Jordanian trucks in Syria may lead to economic warfare between Jordan and Syria, and possibly their respective Arab groupings. King Husayn plans to act in concert with Iraq, possibly by the last week in March, to prevent Syrian trucks from entering Jordan and Iraq--thereby cutting lucrative Syrian trade with Kuwait and Saudi Arabia in addition to direct trade with Jordan and Iraq.

Iraqi cooperation is essential to the success of the move since otherwise Syrian trucks could bypass Jordan. King Husayn asserts that Iraq has agreed to provide alternate sources of supply for Jordan, more than 80 percent of whose trade normally passes through Syria by truck, and that Iraq is prepared to supply Jordan with fuel by truck below present prices.

The current crisis stems from Syrian action last fall prohibiting Jordanian trucks from picking up cargoes in Syria. Attempts to settle the dispute collapsed toward the end of February, whereupon Syrian customs officials began sealing empty Jordanian phosphate trucks returning from Beirut to prevent their picking up goods in Syria. On 3 March the Jordanian cabinet authorized reprisals, and next day approximately 800 Syrian vehicles were held up at the Jordanian border. Syria then agreed to resume negotiations, and normal truck traffic was temporarily restored.

Jordan's effort earlier last year to develop the Gulf of Aqaba route to supplement the road through Syria was largely unsuccessful. King Husayn's proposed action is likely to invite a new round of reprisals from Syria and also probably from Egypt. The Jordanian Government is also imposing new restrictions on the numerous resident Syrian merchants. Jordan apparently believes that Syria would suffer most from such action, and sees an opportunity to develop new Iraqi sources of supply.

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