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12 March 1958



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CENTRAL INTELLIGENCE BULLETIN



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12 MARCH 1958

I. THE COMMUNIST BLOC

New Zealand's prime minister says he will honor pre-election pledge to recognize Communist China.

II. ASIA-AFRICA

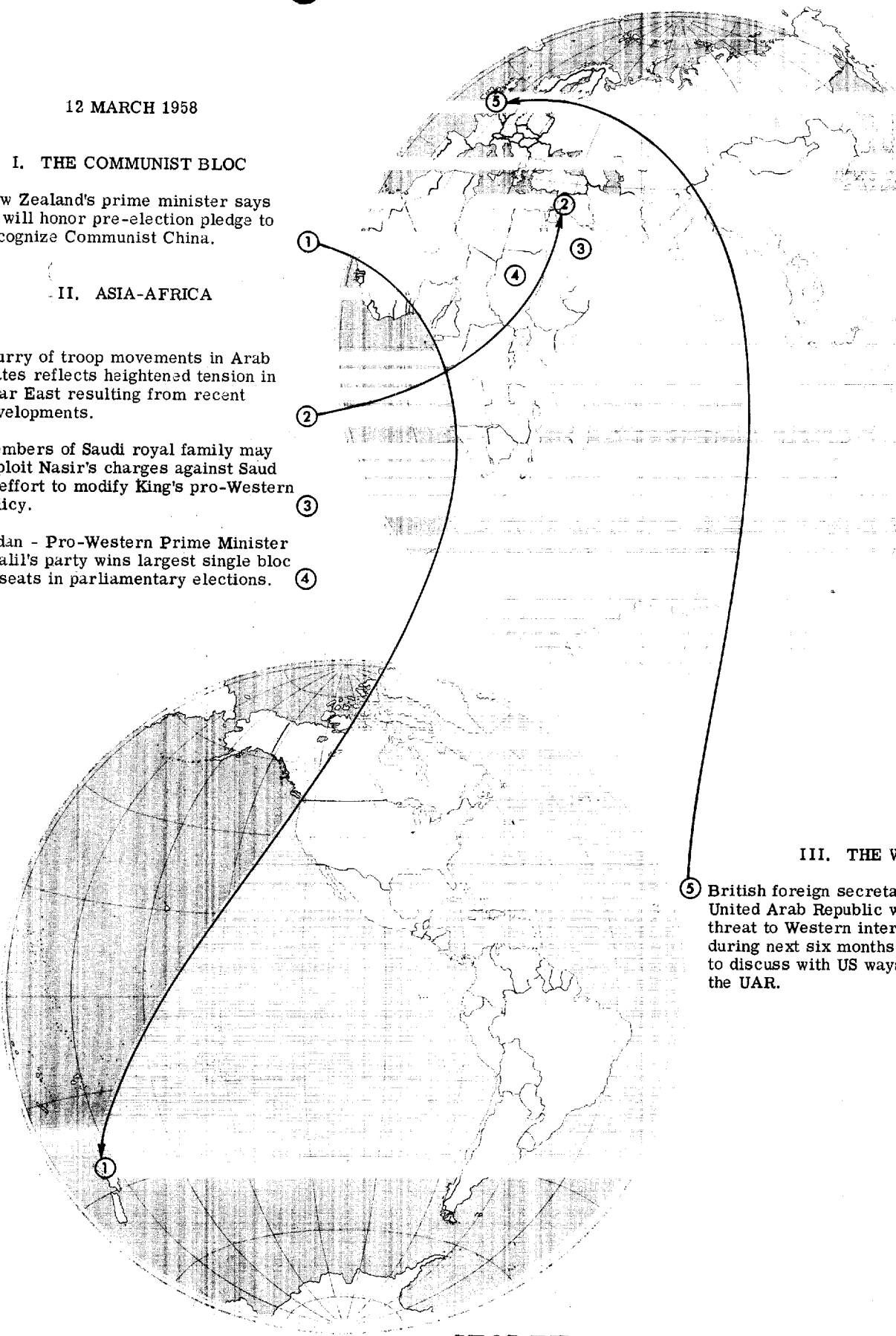
Flurry of troop movements in Arab states reflects heightened tension in Near East resulting from recent developments.

Members of Saudi royal family may exploit Nasir's charges against Saud in effort to modify King's pro-Western policy.

Sudan - Pro-Western Prime Minister Khalil's party wins largest single bloc of seats in parliamentary elections.

III. THE WEST

British foreign secretary believes United Arab Republic will be serious threat to Western interests, especially during next six months. Britain wishes to discuss with US ways of undermining the UAR.



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CENTRAL INTELLIGENCE BULLETIN

12 March 1958

DAILY BRIEF

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I. THE COMMUNIST BLOC

no

New Zealand - Communist China: Prime Minister Walter Nash of New Zealand, who is attending the SEATO conference in Manila, has indicated that he is determined to honor a pre-election pledge made last year to recognize Communist China. [redacted] (Page 1)

II. ASIA-AFRICA

no

Arab-Israeli troop movements: A flurry of troop movements of undetermined proportions within the Arab states reflects the heightened tensions resulting from recent political developments in the area. [redacted] (Page 2) (Map)

no

*Saudi Arabia - Egypt: Crown Prince Faysal has asked the Egyptians for a copy of the documents of the plot "for his own personal information." Members of the Saudi royal family who are unsympathetic to King Saud's pro-Western policy may seek to use the Egyptian-Syrian conspiracy charges against the King to modify this policy. A military tribunal in Damascus is expected to take up the case in a few days, thus offering more occasions for anti-Saudi propaganda. [redacted]

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Sudanese elections: Pro-Western Prime Minister Khalil's Umma party has won the largest single bloc of seats, at least 68 out of 173, in the Sudanese Parliament. In order to obtain a majority, he will have to form a

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coalition, as he did previously. The pro-Egyptian National Unionists won 45 seats. The Sudan will continue to maintain a firm attitude toward Egypt in their border dispute. [REDACTED]

III. THE WEST

no Britain - Middle East: British Foreign Secretary Lloyd believes that the United Arab Republic poses a serious threat to Western interests throughout the Middle East, especially during the next six months. In view of Britain's own limited capabilities for counter-action, London wishes to discuss with the United States ways of undermining the UAR. The Foreign Office wants to explore whether possibilities exist for changing the regime in Yemen. Lloyd believes Iraq must be bolstered promptly by fighter planes and economic aid. London is also cautiously supporting Baghdad's efforts to bring Kuwait into the Arab Union of Iraq and Jordan.

[REDACTED] (Page 3)

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DAILY BRIEF

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~~TOP SECRET~~LATE ITEMSRAB*The Indonesian Situation (Information as of 0600 EST, 12 March)

Central government paratroops captured the airfield at the Central Sumatra oil center of Pekanbaru on 12 March after a heavy bombing, [redacted]

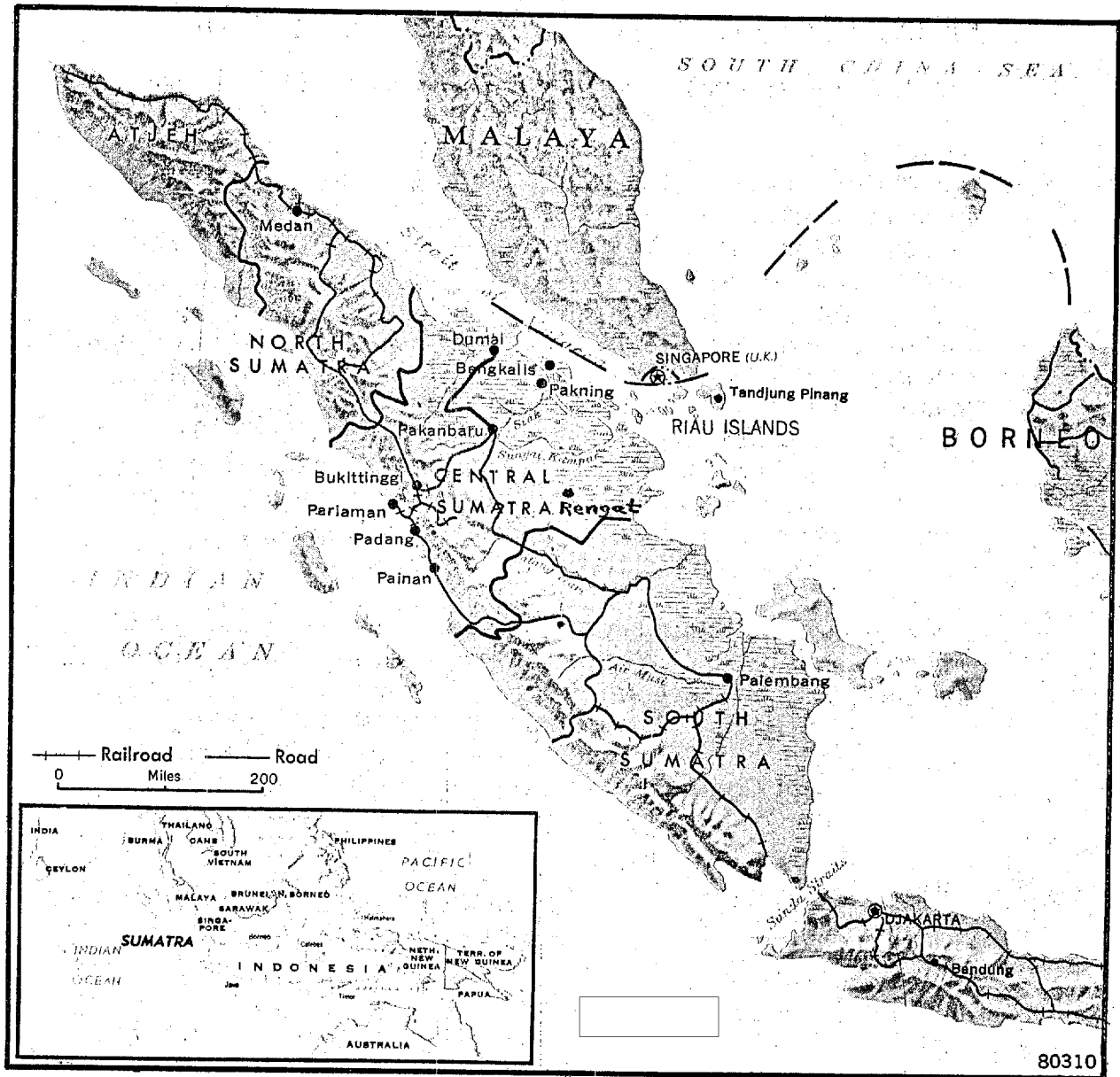
[redacted] Dissident defenders have regrouped nearby. The Caltex manager in Pekanbaru also reported this attack and stated that additional government forces landed from the sea at Dumai, an oil port about 50 miles north of Pekanbaru, connected with Pekanbaru by a very poor road. These forces "passed by Dumai facilities" of Caltex, presumably en route to Pekanbaru.

no

Meanwhile, government authorities in Djakarta claim a third force has advanced more than half the 100-mile distance up the Siak River to Pekanbaru and that an amphibious assault on the West coast near Padang will take place soon. They say they plan to attack the Stanvac oil center of Rengat on 15 March. [redacted]
(See map on reverse page).

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I. THE COMMUNIST BLOC

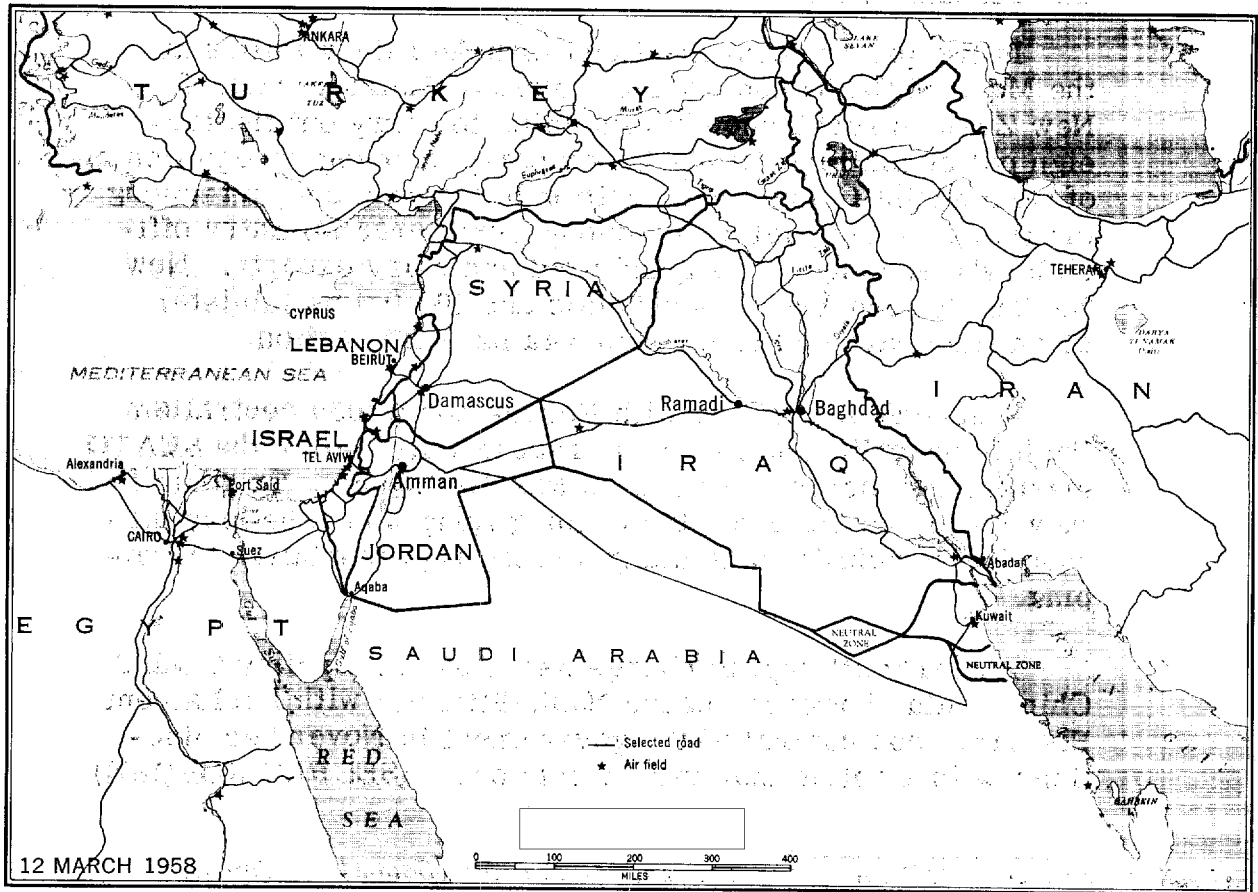
New Zealand's Prime Minister Planning to Recognize Communist China

In two private conversations with Secretary Dulles at the Manila SEATO conference, Prime Minister Nash of New Zealand reaffirmed his intention to carry out the foreign policy platform of his Labor party favoring recognition of Communist China. His position has strong support among the New Zealand public and among Commerce Ministry officials who are eager to expand wool and dairy exports. New Zealand External Affairs officials and UK Prime Minister Macmillan have cautioned Nash against hasty action.

A scheduled meeting with Nehru--for whose neutralism Nash is described as having a great affinity--after the SEATO meeting may serve to reinforce Nash's attitude. En route to New Delhi, he plans to stop in Hong Kong where he may discuss the possibility of sending a trade representative to Peiping.

An early attempt to change New Zealand's policy toward China could, however, cause Nash difficulty with Parliament. His party won control of the government in November elections with a voting majority of only one.

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II. ASIA-AFRICA

Arab-Israeli Military Movements

The growing political struggle between the United Arab Republic (UAR) and the conservative Arab kings has been accompanied by new troop movements and military precautions. Reflecting these tensions, the UAR has continued precautions instituted prior to the plebiscite on 21 February, and during March has taken additional measures to increase the readiness of its forces.

Egyptian and particularly Syrian forces continue to be deployed defensively against Israel. However, the gradual build-up of Egyptian strength on the Sinai frontier, integration of Syrian military forces with those of Egypt, and the prospect of increased UAR pressure on Jordan, create new military problems for Israel. Cairo's assessment of Israeli intentions, however, [redacted] [redacted] remains essentially calm, and on 10 March Cairo advised Damascus that there were no indications of mobilization in Israel.

Most of Jordan's armored units and about half of the infantry and artillery units are now reported concentrated between Amman and the Syrian border. Jordanian and Iraqi military dispositions may have caused uneasiness in Syria, where a recall of reservists in Damascus was reported on the night of 9-10 March in preparation for movement of additional units to the south. These movements were rumored to be toward the Jordanian frontier. [redacted]

[redacted] A major Iraqi military movement is under way to assemble an infantry division and an armored brigade in the vicinity of Ramadi in preparation for maneuvers toward the Jordanian and Syrian borders during the end of March and early April. All leaves in Saudi army and auxiliary units have been canceled [redacted]

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III. THE WEST

British Plans to Counter United Arab Republic

Britain wants to discuss with the United States plans to counter the United Arab Republic by supporting the Arab Union (AU) of Iraq and Jordan while continuing to explore the possibility of undermining the UAR, which it considers a threat to Western interests, especially during the next six months. Foreign Office Deputy Under Secretary Hayter told the American Embassy in London on his return from a Middle Eastern tour that public support must be developed to sustain the Arab Union during this initial period, after which he anticipates that the UAR may begin to show signs of strain.

Foreign Secretary Lloyd maintains that the urgency of boosting Iraqi morale requires a crash program of supplying fighter planes without waiting for the findings of a US survey mission on Iraq's needs, and also economic aid. On 7 March, he told Iraqi Prime Minister Nuri Said that Britain was ready to supply a squadron of Hawker Hunters if the US would finance them. Lloyd also promised Iraq \$140,000 previously assigned to other purposes for a major propaganda effort and requested London to supply radio jamming equipment. Britain is also prepared to give the AU a "birthday present" of \$2,800,000.

In seeking to fulfill Iraqi requests for assistance, London has shifted its position and suggested to the Ruler of Kuwait that he discuss with Baghdad Kuwaiti accession to the AU. British officials nevertheless recognize that Kuwaiti suspicions of Iraq make accession unlikely and hesitate to jeopardize their own tenuous position by exerting pressure.

London also wants to examine with the United States what possibilities exist for changing the regime in Yemen. Britain, which retains its legation in Yemen, is believed to have supported Prince Hassan as a possible successor to the Imam.

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