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CENTRAL INTELLIGENCE BULLETIN

4 July 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

<u>Communist China:</u> Peiping insists that the US cannot "evade" the 15-day time limit set by the Chinese Communists in their note of 30 June demanding resumption of Sino-American ambassadorial talks. The Chinese have been careful, however, to avoid outright rejection of American suggestions of willingness to resume the talks at Warsaw.

II. ASIA-AFRICA

Watch Committee conclusion--Middle East: No political or military solution to the Lebanese crisis is in sight.

Rebel military activity has been opposed by somewhat stronger army actions than previously. If current political efforts fail to achieve an acceptable solution and fighting intensifies, Chamoun will probably call for more extensive UN assistance or may request intervention by Western or friendly neighboring governments under the provisions of Article 51 of the UN Charter. y day o

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There is no evidence of Soviet bloc, UAR, or Israeli intention to intervene with regular military forces.

Elsewhere in the Middle East a deliberate initiation of hostilities is unlikely; however, serious incidents may occur.

The Watch Committee did not issue a separate conclusion on North Africa.

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<u>Persian Gulf</u>: There are indications that a consignment of arms from Saudi Arabia, destined for the rebels in Inner Oman, recently reached the Sultanate of Muscat and Oman by sea. Other similar consignments may follow shortly.

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India: Prime Minister Nehru and his principal deputy in public statements on 2 and 3 July deplored the execution of former Hungarian Premier Nagy in the strongest terms they have yet applied to bloc affairs. Nehru's "shocked" reaction reflects the disappointment of his hopes that recent trends toward liberalization within the bloc would lead to a reduction of cold war tensions.

Indonesia: Army chief Nasution's personal spokesman believes announcement of Dutch plans to reinforce the garrison in West New Guinea is aimed at exacerbating US-Indonesian relations. Raising the West New Guinea issue at this time, he said, would force anti-Communist Indonesian elements to join the Communists in opposing the Dutch move.

Watch Committee conclusion--Indonesia: Soviet bloc aid to Indonesia continues; however, there are no developments indicating a Sino-Soviet bloc intention to become directly involved in military operations in Indonesia. The situation continues to favor local Communist and Sino-Soviet bloc exploitation.

III. THE WEST

<u>Canada</u>; The cabinet is reviewing its policy of nonrecognition of Communist China. Although an early reversal is not likely, the Conservative government is under some pressure from commercial interests which are increasingly enthusiastic about trade prospects with the Chinese Communists.

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IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

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(Available during the preceding week)

National Intelligence Estimate No. 75-58. Conditions and trends in French Tropical Africa. 17 June 1958.

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