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24 March 1956

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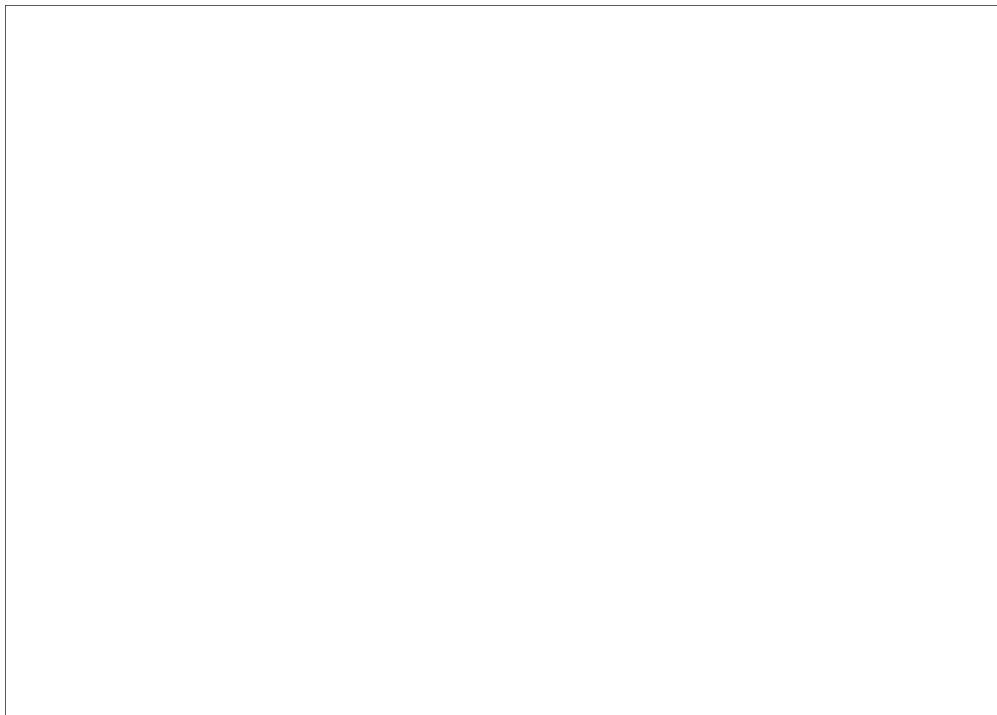
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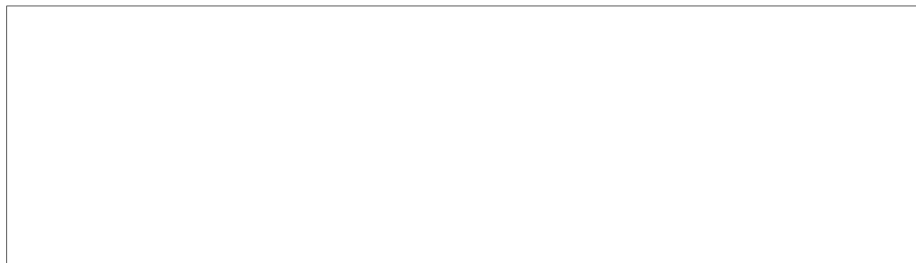
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1. EGYPT NOT BELIEVED PREPARING EARLY OFFENSIVE AGAINST ISRAEL

[REDACTED] [REDACTED] "there is no positive evidence" that Egypt at this time is taking military, political or psychological measures which would indicate preparation for a large-scale offensive against Israel.

Egypt's armed forces have gradually been placed on a war footing, but American observers believe they are not now capable of launching a successful offensive action. The army is believed to be deployed defensively, only a small percentage of pilots are near combat readiness with Soviet-bloc equipment, and a large number of navy personnel are still training abroad.

Prime Minister Nasr and his associates appear confident that time is on Egypt's side, and it appears Nasr stands to gain much more politically from the continued danger of war with Israel than from the "liquidation" of this danger. Nasr, it is felt, also needs time to set up a quasi-civilian regime which would make him more independent of the army, and war now would not serve this purpose.

While the Egyptian people are psychologically prepared to rally behind the government in case of war, no special effort has been made to whip up enthusiasm.

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2. KING SAUD SAYS HE WILL RENEW DHAHRAN AIRFIELD AGREEMENT

[REDACTED] King Saud told Ambassador Wadsworth on 21 March that he had decided to renew the Dhahran airfield agreement with the United States.

The king said that during his recent meeting in Cairo with Egyptian prime minister Nasr and Syrian president Quwatli it had been suggested to him that Egypt and Syria would arrange to obtain arms from the Soviet bloc for Saudi Arabia. The king said he replied he would take no arms from such a source unless the United States refused to supply him. He did agree to accept from Egypt 25 British jet planes, and certain other types of arms of non-Communist origin.

Saud also stated Nasr and Quwatli felt as he did that Communist penetration had to be resisted, and that the Syrians desired assistance from the United States to support them in this effort. The king reasserted the necessity of Western action to keep Israel from resuming work on diverting Jordan River water.

Comment

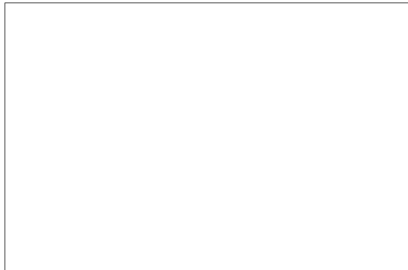
Saud's statement regarding renewal of the Dhahran airfield agreement was almost certainly intended to be qualified by his other statements on his expectation of American arms support and American policy toward Israel. The king usually leaves more direct bargaining to members of his entourage, as presumably will be the case in this instance.

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3. GREEKS FEAR NEW ANTI-GREEK DEMONSTRATIONS IN TURKEY



The Greek ambassador in Ankara has been instructed to make a demarche to the Turkish government concerning "persistent rumors" that anti-Greek demonstrations were being planned in Istanbul and Izmir for 25 March, Greek Independence Day. Informing Ambassador Cannon of this on 22 March, Greek

foreign minister Theotokis said the Greek communities in Istanbul and Izmir were in such a state of alarm that Independence Day ceremonies in Istanbul had been canceled and the Greek consul general in Izmir had taken up the reports with the local governor.

On 23 March, the governor of Istanbul issued a communiqué referring to "harmful insinuations. . . fabricated to annoy and agitate our Greek compatriots" and announced that "even the slightest disturbance will not be tolerated."

Comment

Similar reports were received in Athens immediately before the anti-Greek riots in Istanbul and Izmir last September. A repetition of those riots on the same scale could hardly happen now without the acquiescence of the Turkish government, since Istanbul is still under martial law. However, isolated attacks on the Greek community in Istanbul could occur at any time.

Tension between Greece and Turkey is still increasing, and clashes on Cyprus between Greek and Turkish Cypriots will inevitably have repercussions in both countries.

The feeling of insecurity of the Greek element in Istanbul persists because of recurrent suggestions in the Turkish parliament and press for a new population exchange to be arranged between Greece and Turkey.

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4. INDONESIAN PRESIDENT'S ATTITUDE ON NEW CABINET GIVES OPENING TO COMMUNISTS



President Sukarno's statement on 21 March that the new Indonesian cabinet is "not perfect" will enable the Communists to use the president's prestige to undermine the new coalition, according to the American embassy in Djakarta. The Communist press has already exploited the president's stand, emphasizing that the Communists want to unite the nation, and calling on the people to work for a change in the cabinet's composition.

Comment

Sukarno reportedly wanted to include a Communist sympathizer in the otherwise fairly moderate cabinet, and delayed five days before giving the cabinet his approval, presumably because the Communists had been excluded. He has stated several times during the past few months that in view of the Communists' unexpectedly large popular vote in the 1955 elections, they are "acceptable" as long as they work for "national unity."

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5. EAST GERMAN COMMUNISTS CONFUSED BY SHIFT IN
LINE ON STALIN



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officials in the middle and lower echelons of the Socialist Unity (Communist) Party were totally unprepared for the sudden shift in party line on Stalin. Many party members were demanding clarification from the top leadership.

[redacted] there were serious differences of opinion among party members regarding the extent of Stalin's guilt and that some Communists rejected the new concept of the former Soviet leader. [redacted]

Comment

This reaction apparently predates knowledge by the party's rank and file of Khrushchev's speech to a secret session of the Soviet congress condemning Stalin.

In a speech in Berlin on 17 March, Ulbricht tried to clarify the new concept of Stalin and admitted that his open condemnation of the former dictator on 4 March had created much confusion. Ulbricht's 4 March statement in which he said that Stalin could not be "counted among the classic figures of Marxism" was the first open criticism of Stalin to follow the Soviet party congress.

Although the resultant confusion among party members creates some problems for the leadership, it is not believed that it will have any immediate effect on the stability of the regime.

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6. YUGOSLAV OFFICIAL COMMENTS ON KHRUSHCHEV'S ATTACK ON STALIN

[REDACTED] The Yugoslavs have obtained a summary of the Khrushchev speech condemning Stalin, according to Franc Kos, a high Yugoslav Foreign Ministry official. He told an American embassy officer on 22 March that while this version was incomplete, the Yugoslavs felt it contained the gist of what occurred. They expect even further revelations in the course of the "rehabilitation" of Stalin victims, of whom they say 7,000 have already been "rehabilitated," although not all of these are alive.

Kos said that there was no indication when Khrushchev and Bulganin visited Belgrade last May that they were undertaking a plan to destroy Stalinism. The Soviet leaders had consistently rejected Yugoslav statements that Stalin was primarily responsible for the 1948 break and had insisted that Beria had deceived Stalin.

Kos indicated his belief that if last October's foreign ministers' conference in Geneva were held now, the results would be much more satisfactory, particularly with respect to East-West contacts. Kos doubted that the Cominform would be formally dissolved, but suggested instead that the USSR may be allowing it to lapse.

Kos said that the Yugoslav attitude to these Soviet developments was to "wait and see" until deeds match words but that Yugoslavia was not prepared to say this publicly.

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7. SUBMARINE CONSTRUCTION REPORTED IN SHANGHAI

[redacted] [redacted] reported to have seen "Russian coastal-type" submarine hulls being built at the Kiangnan dockyards in Shanghai. The [redacted] was told that electronic equipment and engines came from the USSR.

[redacted] Soviet technical advisers accompanied [redacted] on its tour of the Kiangnan yard, which was reported as a "beehive of activity." [redacted]

Comment

This is the first report that submarines are actually being built at Shanghai. However, [redacted] the presence of substantial numbers of Soviet naval technicians there since January 1955, and submarine experts at Kiangnan since at least April.

Soviet technicians have also reportedly been observed at nearby Moller's shipyard, where a destroyer or frigate-type ship apparently is being constructed. Large numbers of workers are engaged in expanding facilities at Moller's. [redacted] (Concurred in by ORR)

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8. YEMEN NEGOTIATING FOR SOVIET ARMS

[redacted] [redacted] Soviet representatives had asked for a detailed statement on Yemen's arms request. [redacted] they wished to know what percentage of the cost Yemen would pay. The USSR would consider the balance as "aid without any obligation" and had given assurances there would be "no trouble" about barter arrangements, which the minister suggested might include coffee. The Soviet representatives said delivery of the arms would be completed two months after conclusion of an agreement.

[redacted] Yemen's arms list should include 100,000 hand grenades, 2,000 revolvers, 20,000 rifles, 200 small and 500 to 1,000 large machine guns, 100 anti-aircraft guns, 500 self-propelled cannon, 24 cannon for shore batteries, 100 armored cars, 200 armored troop carriers, and 10 airplanes, plus spare parts "for everything" and the required experts "to be defined by us."

Comment Yemen approached the USSR for arms as early as mid-1953. Contacts were renewed after the announcement of the Egyptian-Soviet bloc deal last September, and a Soviet "economic mission" visited Yemen in January.

The list of equipment [redacted] [redacted] seems far beyond what Yemen could absorb, may be intended as a basis for bargaining. The imam's immediate objective in obtaining arms is probably to increase pressure on the British protectorate of Aden with which Yemen has had long-standing border disputes. (Concurred in by ORR)

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 23 March)

Recent reports indicate that Israel is concentrating large armored and infantry forces around Beer-sheba, headquarters of the Southern Command which controls the front against Egypt. On 20 March, a heavy southward movement of military and requisitioned civilian vehicles was observed north and south of Beersheba, transporting POL cargo and personnel. Other reports suggest the Israeli forces in the El Auja area on the Egyptian frontier have again been increased to include infantry, armor and artillery, possibly including 155-mm. [REDACTED]

complete mobilization of Israeli first-line units will be accomplished by a "creeping process" by 31 March. The unusual activity of forces in the Southern Command could indicate preparations for large-scale maneuvers or preparations for support of operations on the Egyptian frontier. [REDACTED]

Meanwhile further reinforcement of Egyptian forces on the Israeli frontier, including dispatch of an armored squadron from Cairo to El Arish, is revealed by Egyptian military messages. [REDACTED]

A marked decline in flying activity by the Egyptian air force during the last ten days [REDACTED]

[REDACTED] While this may have been intended to conserve fuel, there is no indication of a fuel shortage. Movement of Egyptian aircraft to Sinai airfields, while possible, is unconfirmed. [REDACTED]

Syrian troops have reoccupied positions on the northeast side of Lake Tiberias which were destroyed by the Israeli raid last December. [REDACTED] and fortifications have been constructed in a narrow strip which is claimed by Israel. The Syrians are also reported to be using

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searchlights to illuminate certain frontier areas, notably the Banat Yacov bridge and the Jordan River outlet to Lake Tiberias. [redacted]

An unconfirmed report from Jordan states that a "number" of tanks, armored cars and trucks were heading north through West Jordan on 21 March, ac-

[redacted] movement of the Arab Legion's armor into this area would indicate that the Legion is beginning to follow the Arab tendency to dispose too many troops too far forward. [redacted]

The secretary general of the Syrian Foreign Ministry told Ambassador Moose on 22 March that the Syrians would fight at Banat Yacov "if attacked." In reply to Moose's comment that this appeared to be a change from Syria's previous statements that it would resist by force an Israeli resumption of work in the demilitarized zone, the official said "that was before Prime Minister Ghazzi's trip to Cairo." Moose comments that possibly Syria has changed its position on Banat Yacov. The Syrian statement is probably not intended to imply that Syria would not resist an Israeli resumption of digging at Banat Yacov. It suggests rather that Egypt has probably reiterated to the Syrians that they should first exhaust all means short of hostilities should the Israelis resume digging. [redacted]

Israeli ambassador Avidar, who has recently returned to his post in Moscow, has been instructed not to raise the question of arms aid with the Soviet Union, according to information received by the American embassy in Tel Aviv. If, however, the United States makes a negative reply on Israeli requests, the question of turning to the Soviet Union will be given active consideration. [redacted]

Israel is trying with Nicaraguan help to obtain 58 tanks from Canada. Nicaragua, according to the arrangement, would be the ostensible purchaser and transshipper to Israel and would receive four to eight tanks for its part in the transaction. [redacted]

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