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9 January 1958

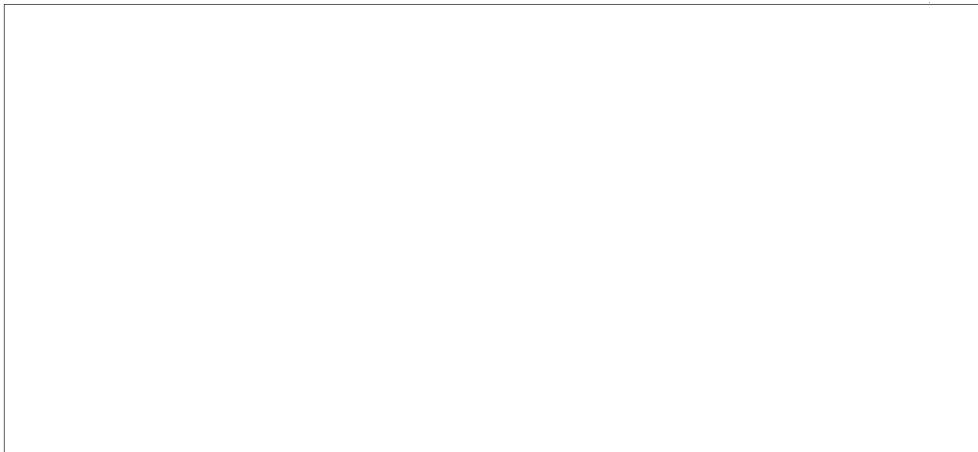
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CURRENT INTELLIGENCE BULLETIN

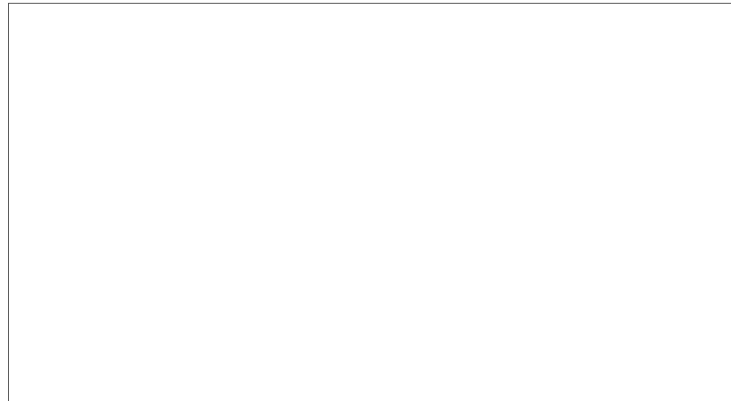
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OFFICE OF CURRENT INTELLIGENCE CENTRAL INTELLIGENCE AGENCY

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THE TAIWAN STRAIT

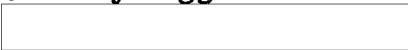
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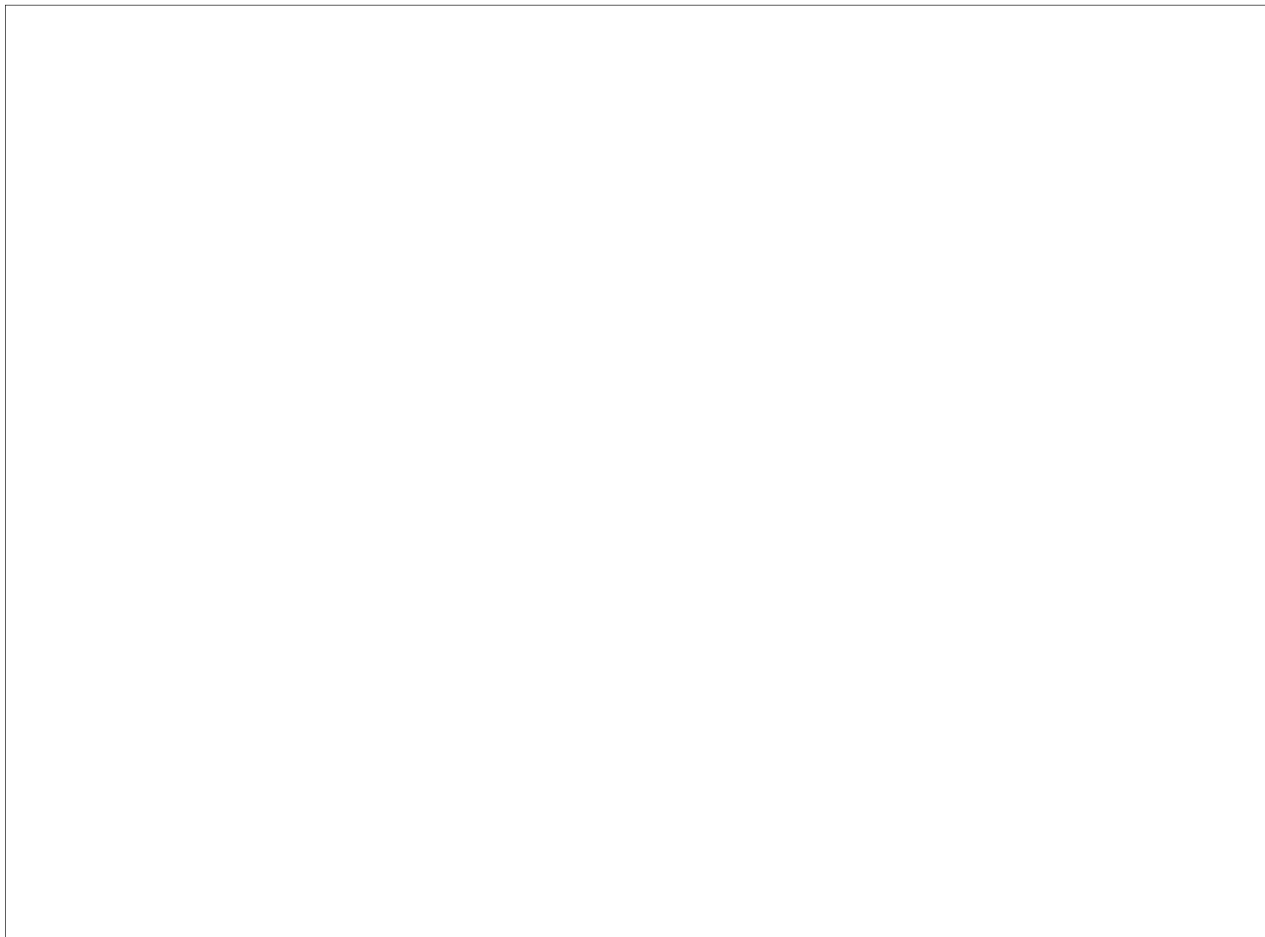
1. SOVIET NUCLEAR EXPLOSION

 The Atomic Energy Detection System has reported that another Soviet nuclear explosion occurred between 3 and 5 January 1958 at the Semipalatinsk proving ground. Limited evidence suggests that the device was in the very low yield range. 

Comment

The last Soviet test was held at Semipalatinsk on 28 December 1957 and yielded between 3 and 30 kilotons. The closure of the Semipalatinsk Airfield on 4 January suggests the test may have been conducted on that date. 

2.



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3. **INDONESIAN DISSIDENTS CONSIDERING IMMEDIATE DECLARATION OF INDEPENDENT GOVERNMENT**

Comment on: [redacted]

[redacted] Dissident military commanders meeting in Padang, Sumatra, are considering the establishment of a "free government of Indonesia" in the immediate future unless the Djakarta government makes drastic concessions. The Djuanda cabinet recognizes the serious secessionist threat and is discussing how to meet it.

Although Colonel Simbolon, former Sumatran commander and now chief of the dissidents' combined Sumatra command, has urged caution and at least an intermediate step of declaring de facto regional autonomy, other leaders are impatient at further delay. Final decisions may be reached on 9 January.

Lt. Col. Barlian, commander in South Sumatra, favors an ultimatum to the present Djakarta government demanding that it resign and form a cabinet acceptable to the outer islands. The most impatient among those at Padang are Lt. Col. Hussein, commander in Central Sumatra, and Lt. Col. Sumual from Celebes.

Colonel Simbolon has stated that those attending the Padang meetings do not understand the economic and diplomatic difficulties of the move they are considering. Simbolon's primary concern is probably the fact that the non-Javanese provinces are still receiving their customary budgetary support from Djakarta, and that drastic and immediate changes in financial and commercial patterns would be necessary to replace these funds. [redacted]

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4. NETHERLANDS SEEKS NATO SOLIDARITY ON INDONESIAN ARMS REQUESTS

Comment on:

The Netherlands Government, in a further move to assure support from its NATO partners in the dispute with Indonesia, has requested that any NATO member approached by Indonesia regarding arms should ask the Dutch for their views. At a meeting of the NATO political advisers' committee on 7 January, the Dutch representative stated that his government does not deny Djakarta the right to defend itself, but noted that Indonesia now "openly proclaims it is seeking other means" to satisfy its claim to West New Guinea. He expressed particular concern over weapons which might be used in an invasion of New Guinea, such as military aircraft, parachutes, and landing craft.

Ambassador Burgess in Paris has previously stated that sympathy for the general Dutch position is virtually unanimous in NATO, and that "words or actions" which seem to condone recent Indonesian actions would not be welcomed by the Netherlands' NATO allies. Ambassador Allison in Djakarta, however, is convinced that unless Western assistance is immediately forthcoming, Indonesia will fall to the Communists.

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5. IRAN THREATENING TO WITHDRAW FROM
THE BAGHDAD PACT

Comment on: [REDACTED]

[REDACTED] The Shah has again expressed dissatisfaction with Iranian military strength, blaming the limited US aid program. He contends that without additional American aid, Iran will find it difficult to remain within the Baghdad Pact, because rejection by the US of the Baghdad Pact Military Committee's recommended level of forces would allow Soviet troops to advance deep into Iran despite nuclear retaliation on targets in the USSR.

While the Shah's threat is part of a continuing program to increase his prestige and domestic control through additional US military aid, it reflects a genuine concern over Iran's exposed position vis-a-vis the USSR. The importance attached by the United States to the Baghdad Pact Council meeting in Ankara beginning on 27 January may reassure the Shah. [REDACTED]

~~SECRET~~

**6. SHAH OF IRAN MAY SOON REPLACE PRIME
MINISTER EQBAL**

Comment on: [redacted]

[redacted] The Shah of Iran is seriously considering removing Prime Minister Eqbal after the Baghdad Pact Council meeting from 27 to 31 January, [redacted]

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[redacted] Both Abdollah Entezam, director of the National Iranian Oil Company, and Senator Mahmud Jam, prime minister from 1935 through 1939, are being considered for the premiership. Court Minister Ala recently declined the Shah's offer of the position because of his age.

The Shah has been dissatisfied with Eqbal primarily because he failed to assume leadership of a pro-government political party and refused to accept responsibility for some of the Shah's domestic programs. Any change in premiers will not mean, however, that the Shah will diminish his personal direction of the government. Eqbal, who became prime minister last April, threatened to resign if the Shah did not give him more freedom of action. He has remained in office, however, apparently in the hope that he might persuade the Shah to take a less active role. [redacted]

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7. CLOSE CONTEST EXPECTED IN OKINAWA MAYORAL ELECTION

Comment on:



A close contest is expected in the Naha, Okinawa, mayoral election on 23 January. The conservative-Socialist coalition candidate, Tatsuo Taira, would make an effective mayor, but his campaign is being hampered by the lukewarm support of a conservative party boss. Far-left candidate Saichi Kaneshi, who received more votes than any other candidate in last August's Naha city assembly election, is expected to attract the leftist and anti-American vote. Kaneshi and his supporters have superior organizing ability and are demonstrating their astuteness as campaigners.

The election was necessitated by the ouster of pro-Communist Mayor Kamejiro Senaga last November.



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8. SOVIET OFFER OF SPECIALIZED POLICE TRAINING TO AFGHANISTAN

Comment on: [REDACTED]

[REDACTED] The USSR may be seeking to counter an American program for specialized training of Afghan police by offering comparable training in the USSR. [REDACTED]

[REDACTED] Afghan Prime Minister Daud has approved a Soviet proposal that he send ten police officials, probably from the counterintelligence department, to the USSR for training at Soviet expense. Daud may have accepted in the hope of obtaining maximum benefit for Afghanistan from the techniques of both the United States and the USSR.

The American Embassy in Kabul has noted that the 15 policemen who have returned from training in the United States have been treated by the Afghan Government with reserve. Daud may believe that comparable caution in handling police officers trained in the USSR will provide adequate protection against Soviet subversion. [REDACTED]

~~SECRET~~

9. YEMEN CONSIDERING \$35,000,000 SOVIET
ECONOMIC CREDIT

Comment on:

Yemen is reported to have been offered a Soviet credit of approximately \$35,000,000 for economic development projects over a five-year period. Specific aid projects include development of a modern port at Ras al-Kathib and construction of seven airfields and fuel storage facilities. Yemeni [redacted] expect the agreement to be signed shortly--possibly during the scheduled presentation of credentials this month by the Soviet ambassador.

[redacted] preliminary work on the port has been under way since April 1957 and that additional Soviet harbor specialists arrived in Yemen in December. Construction of a modern port and fuel storage facilities would help eliminate Yemen's dependence on the British-controlled port of Aden. Reconstruction of Yemen's airfields is essential to permit efficient use of Yemen's 35 to 40 Soviet bloc piston aircraft and to improve poor internal communications. Yemen is also trying to obtain petroleum products from the Soviet Union instead of from Aden and Saudi Arabia.

The Soviet credit offer is apparently in addition to aid projects undertaken by various satellite countries, and to Soviet military aid totaling \$8.5-10,000,000. A substantial portion of the arms has been provided as a gift, with the balance covered by easy repayment terms.

10. BLANKENHORN NAMED TO KEY BONN FOREIGN POLICY POST

Comment on: [redacted]

[redacted] Herbert Blankenhorn, named on 7 January to the second-ranking post in the West German Foreign Ministry, seems likely to press for a more "elastic" foreign policy, including less dependence on the United States. The 53-year-old Blankenhorn has been close to Chancellor Adenauer in various key foreign policy jobs since 1949, most recently as Bonn's representative to the North Atlantic Council.

Blankenhorn, who joined the German foreign service in 1929 and the Nazi party in 1938, has been described [redacted] as "not entirely trustworthy." [redacted] he heads a faction in the Foreign Ministry which has strongly opposed Foreign Minister Brentano's foreign policy as too rigid. [redacted] this faction tried last year to convince Adenauer that a basic reorientation was needed. [redacted] Blankenhorn faction considers NATO a convenient device for achieving "our comeback into world politics," and also sees the need to "build our bridges to the East" and reduce dependence on the West, while at the same time "maintaining a position in which the West will be forced to stand behind us in the case of a military threat."

Blankenhorn replaces Walter Hallstein, who will head the Common Market. Heinz Krekeler, named to EURATOM, will be replaced as ambassador in Washington, and other major shifts may occur, including the replacement of the ambassadors in Moscow and Tokyo. [redacted]

SUMMARY

*Report
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12 December 1957 - 8 January 1958

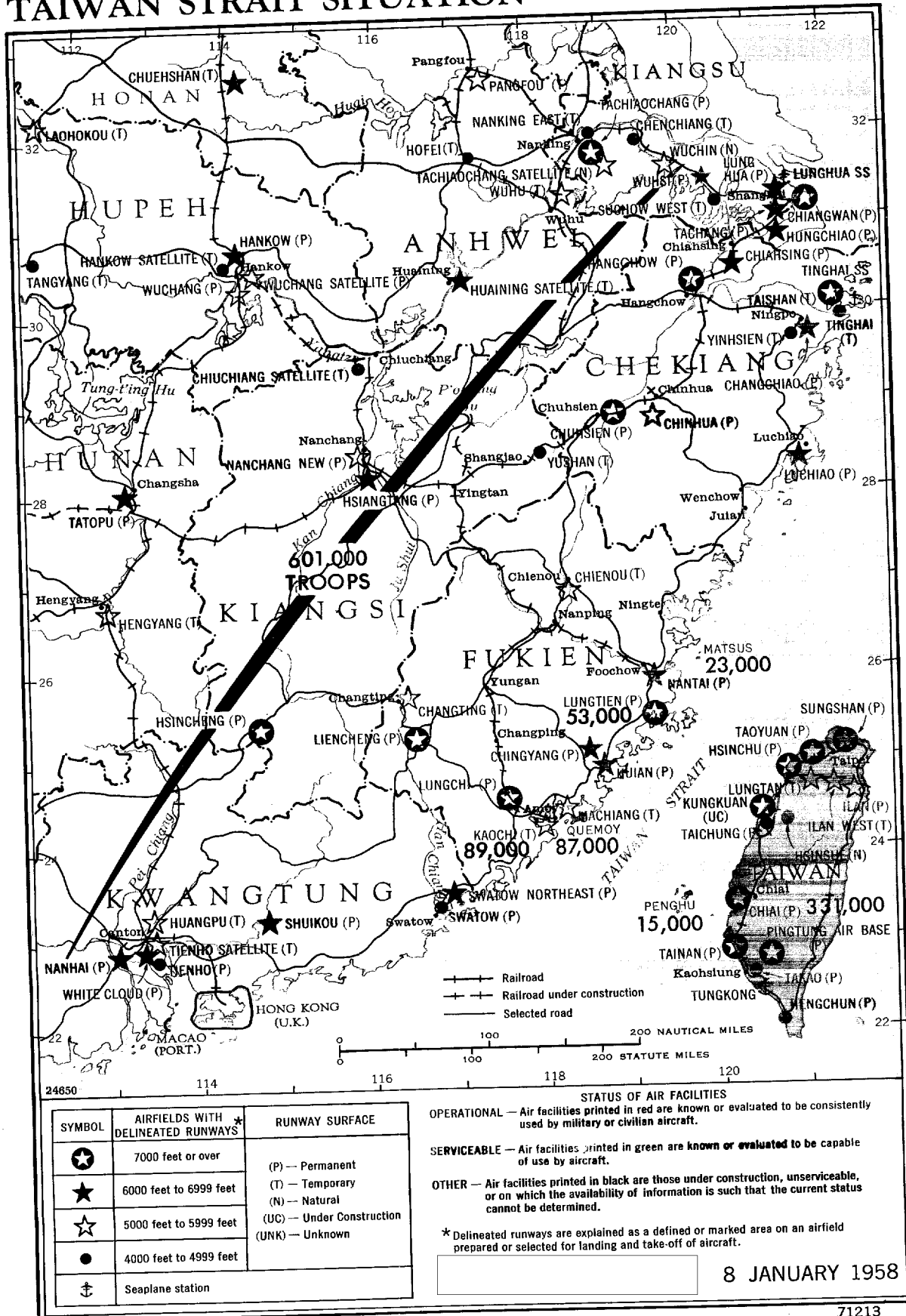
THE TAIWAN STRAIT

Report of the IAC Current Intelligence Group
for the Taiwan Strait Problem

1. There were no significant military developments in the area during the period.

2. Nationalist Chief of Staff Wang Shu-ming on 13 December informed Admiral Doyle, commander of the US Taiwan Defense Command, that British shipping will no longer be shelled while entering and leaving the Communist port of Amoy. Wang indicated that the previous policy of attempting to prevent entry had gained the Nationalist Government nothing and caused it to lose prestige. This change of policy, although Wang did not say so, probably was made last August when firing at British shipping abruptly ceased.

TAIWAN STRAIT SITUATION



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