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8 April 1958

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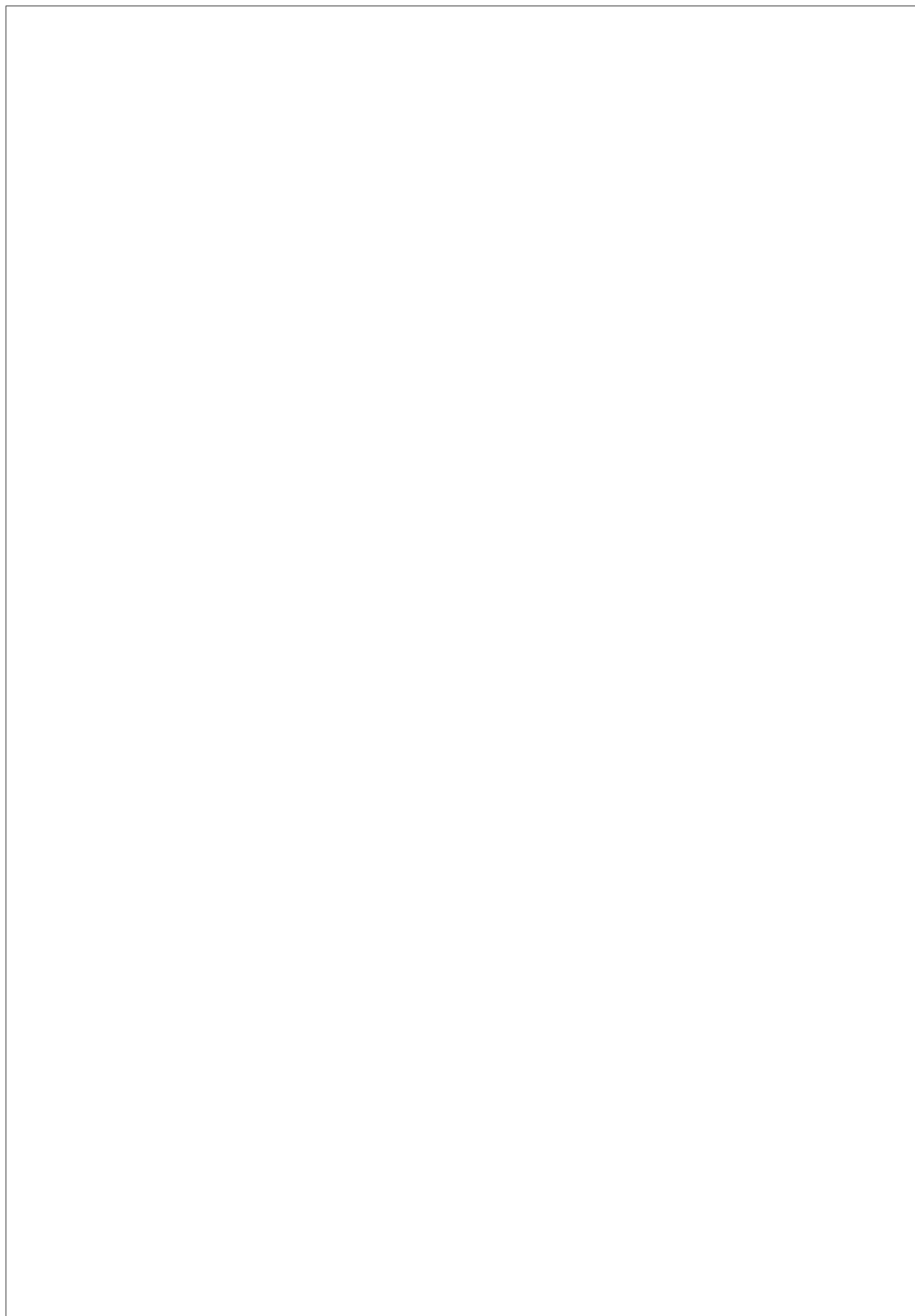
CENTRAL INTELLIGENCE BULLETIN



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8 APRIL 1958

I. THE COMMUNIST BLOC

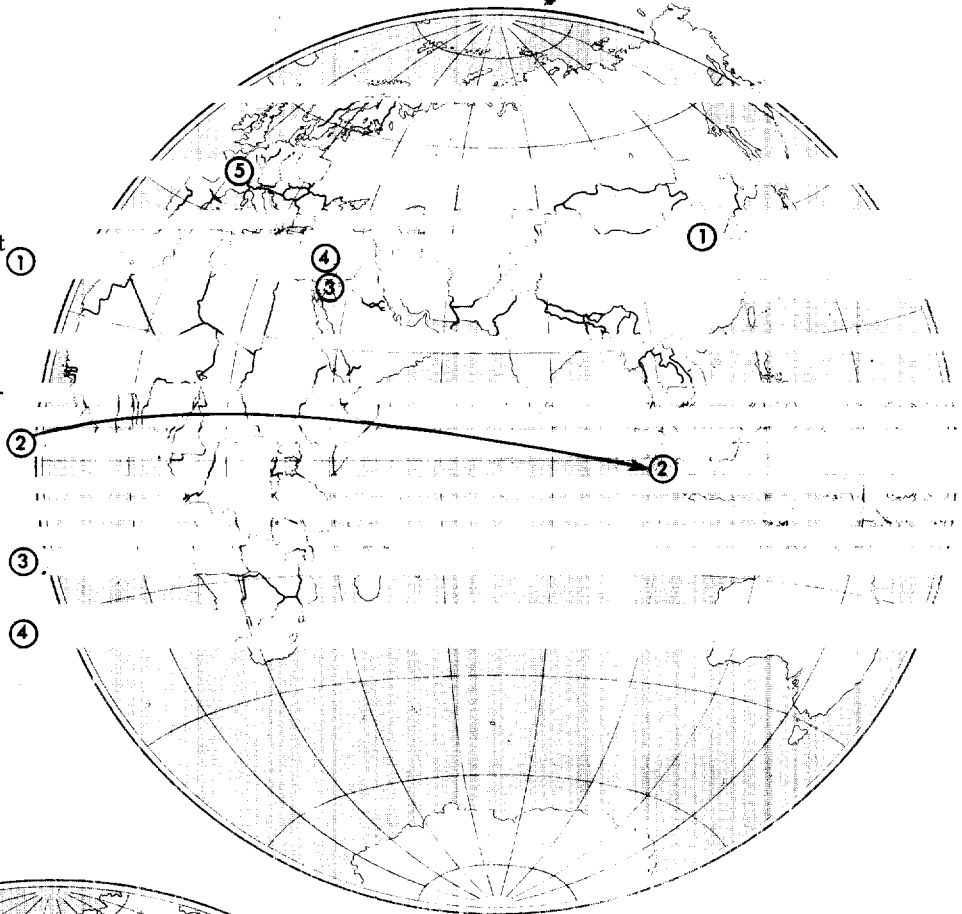
Chinese Communist aid programs in free world countries since 1956 amount to \$107,000,000. ①

II. ASIA-AFRICA

Indonesia - Reports indicate early government assault on Padang-Bukittinggi area of Central Sumatra. ②

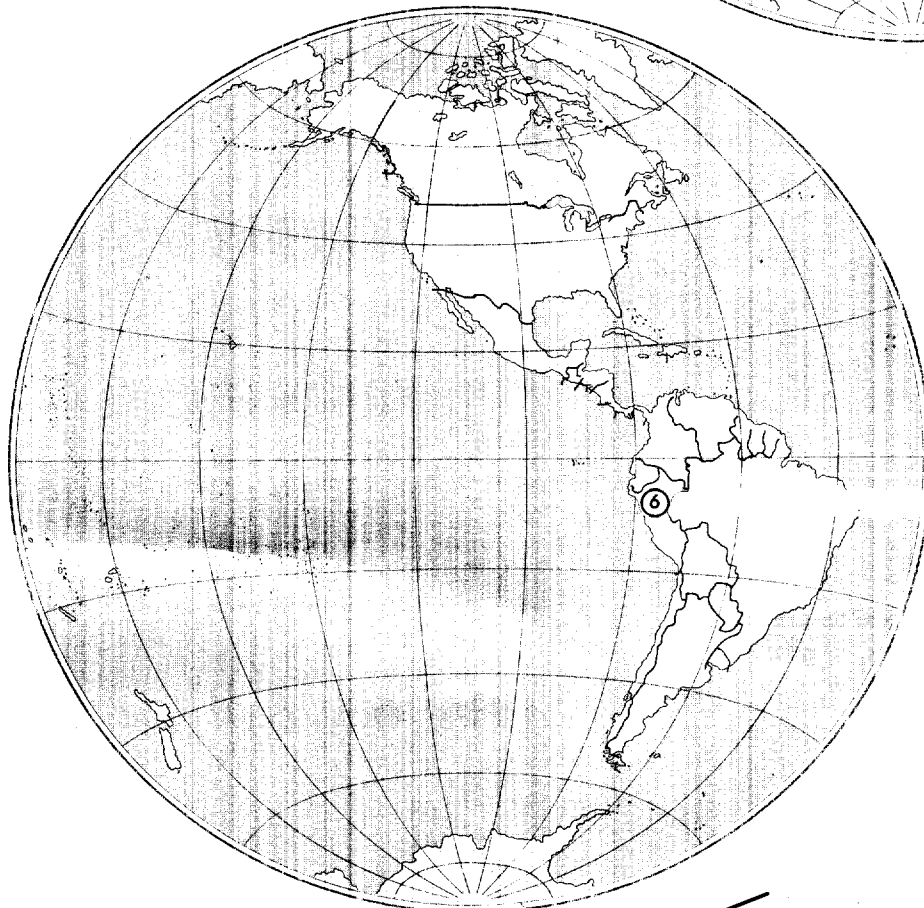
UAR has flown reconnaissance over Israel. Israel agrees to delay resumption of Lake Hula work. ③

Cyprus - EOKA terrorists intensify sabotage operations. ④



III. THE WEST

- ⑤ French nuclear authorities, planning considerable test program, oppose international test ban without agreement to stop production.
- ⑥ Peru - President Prado reshuffles cabinet to meet growing public dissatisfaction.



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CENTRAL INTELLIGENCE BULLETIN

8 April 1958

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

no

Communist China's foreign aid program: Peiping has budgeted \$185,000,000 for its foreign aid programs in 1958. About a fourth of this will be used to meet aid pledges to the free world of at least \$107,000,000, mainly for South and Southeast Asian countries. In addition to this amount, Communist China has pledged approximately \$740,000,000 in grants to bloc countries during the past four years.

[redacted] (Page 1) (Chart)

II. ASIA-AFRICA

no

Indonesia: There are continuing reports of an early air, sea, and land assault by central government forces on the Padang-Bukittinggi area in Central Sumatra.

[redacted] (Page 2) (Map)

no

Israel-UAR: Israeli officials have agreed, following receipt of a UN survey report, to hold up digging in the Hula area "for a few days," but have also reiterated their determination to complete the drainage project there.

The UAR Air Force has flown some reconnaissance missions over Israel. This could add another point of conflict. [redacted] (Page 3)

no

Cyprus: The Greek Cypriot terrorist organization EOKA is expanding its current resistance with widespread destruction of government property, and with armed attacks

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against left-wing Cypriot trade unionists. Since 1 April, which was the third anniversary of the EOKA terrorist organization, more than 30 bombings have occurred. Government property, including a police station, has suffered severe damage. The new upsurge of violence appears to be accompanied by a crime wave. [redacted]

III. THE WEST

No

France--nuclear weapons: A French Atomic Energy Commission official, strongly objecting to any agreement to halt testing without an effective ban on production, states that France plans a series of "meaningful" nuclear weapons tests, rather than one or two for "prestige." The French apparently do not consider agreement to halt production to be likely. His emphatic statements on France's large commitment in time, effort, and money to its national nuclear weapons program find support in the fact that the atomic energy appropriation suffered less severely under Gaillard's recent austerity cuts than did the regular military budget. [redacted]

Yes

Peru: The cabinet reshuffle of 5 April is an attempt by the Prado government to satisfy growing popular dissatisfaction. The strong leftist but non-Communist Apra party will probably gain in influence with the appointment of Raul Porras Barrenechea as foreign minister. He is closely linked with the Apristas. [redacted] (Page 4)

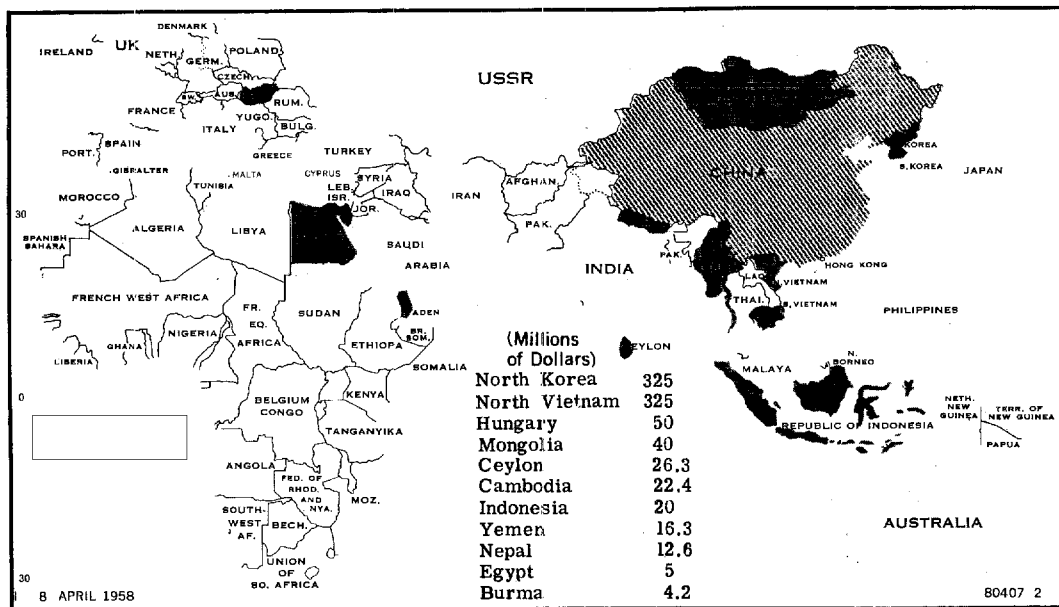
8 Apr 58

DAILY BRIEF

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COMMUNIST CHINA'S FOREIGN AID PROGRAM COMMITMENTS SINCE 1954



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I. THE COMMUNIST BLOC

Communist China's Foreign Aid Commitments

Communist China has already concluded four agreements with free world countries since it initiated a long-term, low-interest loan program last December. The most recent of these, a \$20,000,000 loan to Indonesia, calls for Chinese deliveries of rice and textiles worth \$15,000,000, the proceeds of which are to be used by Indonesia to build a textile factory. With the remainder of the loan, Peiping will provide machinery for this new plant.

During 1958, Burma will receive \$4,200,000 worth of machinery for a textile factory, Ceylon is to get \$10,500,000 for flood rehabilitation, and Yemen will obtain steel, heavy machinery, and technical assistance under a \$16,300,000 interest-free loan. The Yemen loan is Peiping's second move to support the bloc's economic offensive in the Middle East; it follows a \$5,000,000 foreign exchange gift to Egypt after the Suez crisis.

China first began to extend aid to the free world in 1956, mostly in the form of outright grants. Cambodia and Nepal received gifts of \$22,400,000 and \$12,600,000 respectively, mainly in the form of Chinese goods which continue to be received. In 1958 China will deliver consumer goods to Ceylon under a \$15,750,000 five-year grant to create local funds to assist in financing Ceylon's rubber replanting program.

Under earlier aid to bloc countries, \$325,000,000 was earmarked for North Korea in 1954 as a gift for rehabilitation and the same amount was promised North Vietnam, to be paid over a four-year period. Other bloc countries receiving significant gifts from China include Outer Mongolia, where Peiping is spending \$40,000,000 for the construction of light industries, and Hungary, which received \$50,000,000 in goods and foreign exchange after the uprisings in 1956.

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II. ASIA-AFRICA

Situation in Indonesia

Indonesian Government plans for a coordinated air, sea, and land attack on Padang and Bukittinggi in Central Sumatra are reported still going forward. [REDACTED]

[REDACTED]

Dissident leaders in Bukittinggi [REDACTED] admitted further government advances, but Lt. Col. Hussein claims that his forces in Lubukdjambi on the Padang - Palembang road have given an excellent performance despite harassment from the air. He is planning guerrilla attacks in the rear of government forces proceeding westward on this road. Hussein is also reported planning to defend areas on the Central Sumatran west coast until forced to retreat and then to begin guerrilla warfare from the nearby mountains. [REDACTED]

Reports of an impending Padang attack are given credibility by the withdrawal of paratroopers from Medan in North Sumatra and commandos from Central Sumatra for "future tasks."

The Indonesian army chief of staff on 1 April designated Balikpapan, Borneo, as the staging area and advance command post for government operations in North and Central Celebes. The post will be under the command of the second assistant chief of staff and will be moved to Donggala on the Celebes west coast as soon as a bridgehead is consolidated. [REDACTED]

[REDACTED] the dissidents have been driven back several miles from Donggala and that the local situation for the present "is quiet." [REDACTED]

[REDACTED]

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Israeli-UAR Border Tensions

The Israeli Foreign Ministry has indicated it is relatively well satisfied with a report by the UN truce organization which indicates that Israel's drainage project in the Lake Hula area does fall within the Israeli-Syrian demilitarized zone, as the Syrians contend, but that the project is permissible under the UN team's interpretation of the armistice agreement. The Israelis agreed on 6 April to postpone further digging operations "for a few days" while UN officers seek the UAR's acquiescence in their finding. The Israelis have also agreed to make a small adjustment in the project so that it does not impinge on Arab-owned land.

Both the Israeli and UAR forces will almost certainly remain alert for incidents growing out of this particular dispute as well as out of other border friction. The Israelis have charged that new cases of Arab sabotage and infiltration have occurred in the last two days. The UAR Air Force apparently has been flying reconnaissance missions over Israeli territory. An unidentified jet aircraft dropped photo flares over Eilat on the night of 1 April, and [REDACTED]

[REDACTED] the overflight of an aircraft which was fired on by Israeli anti-aircraft guns. In addition, elements of an Egyptian fighter squadron being deployed to Syria may have overflowed Israel. [REDACTED]

[REDACTED]

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III. THE WEST

Peruvian President Seeks to Stem Unrest by Cabinet Changes

Faced with serious dissatisfaction which has been growing over the past several months, President Prado on 5 April sought new support for his government by reshuffling the cabinet. The regime appears to believe that it can in this way satisfy the popular demand for change which in Peru normally would be satisfied only by a coup.

The leftist but non-Communist Apra party will probably gain in influence through Prado's appointment of Raul Porras Barrenechea as foreign minister. Porras is close to the Apra party, which was a major force in electing the conservative Prado to the presidency but which is so disliked by Peru's military that it has been given no high-level domestic government appointments. At the same time, Prado has dropped his most unpopular cabinet member, Jorge Fernandez Stoll, who as minister of interior had given some indications of strong sympathy for Communism.

The appointment of new ministers of foreign affairs, interior, and labor is not likely to lead to any immediate change in domestic Peruvian policies.

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