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8 April 1956

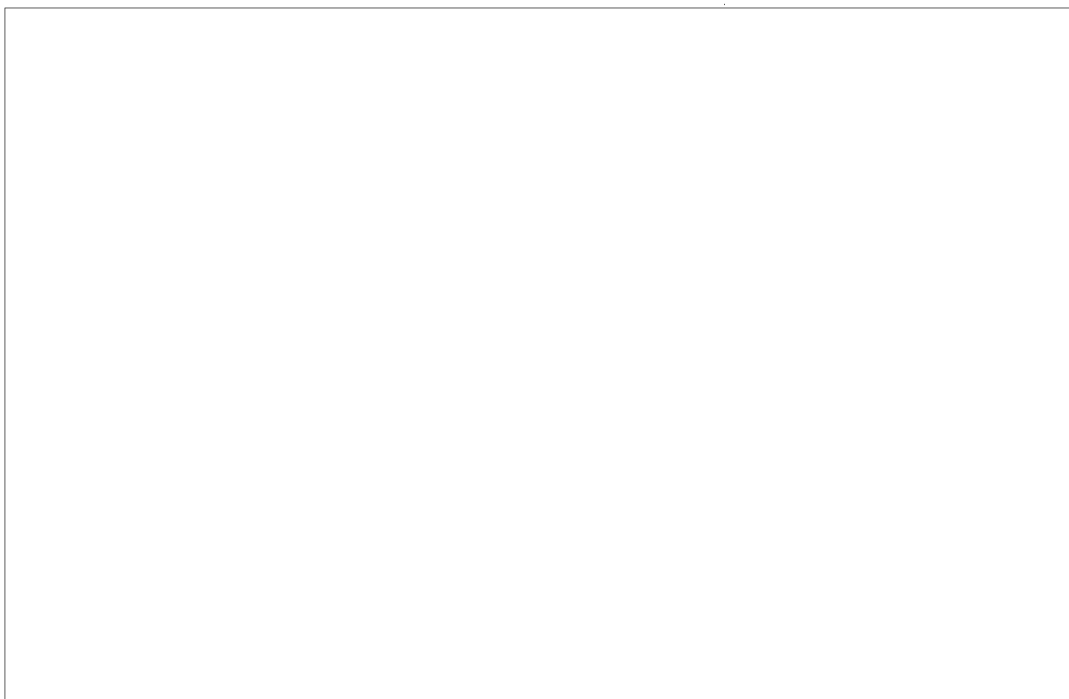


Copy No. 103

**CURRENT
INTELLIGENCE
BULLETIN**

DOCUMENT NO. 13
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: T3 S 2009
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE 12-26-77 REVIEWER: -1

**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**



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1. USSR MAY PLAN REDUCTION OF TROOPS IN EAST GERMANY

"Usually well-informed political circles in East Berlin" are predicting that Soviet troops will be withdrawn from East Germany by stages throughout the year, according to the West German Frankfurter Allgemeine Zeitung. The timing would depend on how quickly the East German armed forces are established.

East Berlin sources were quoted as saying that East Germany would keep its contingents small and rely primarily for defense on the Warsaw treaty, which provides for assistance from the Orbit in case of attack. They said the withdrawal of Soviet troops would put the Western powers with troops in West Germany politically on the defensive and would make it clear that East Germany is no longer an occupied country without sovereignty, thereby improving prospects for a rapprochement between the two German states.

Comment The Frankfurter Allgemeine Zeitung is a reliable newspaper, and the author of this story has good sources in the East and has frequently proved to be accurate. In the present instance, however, the story may be aimed at encouraging the USSR to take a step that would facilitate rapprochement between the two Germanies. The credibility of the story is enhanced by a suggestion in the new Soviet disarmament plan that the four powers with troops in Germany "take urgent steps to reduce those forces to a figure to be determined by each of them at its own discretion." Although the USSR has often proposed withdrawal of all troops from Germany and at the November foreign ministers meeting suggested a 50-percent reduction, this latest proposal is the first one which hints at a unilateral reduction.

The main purpose of a reduction of Soviet troops would be to inspire demands for a reduction of American forces in Europe. The USSR could substantially reduce its 400,000 ground force troops in East Germany without endangering its control of the zone, even though no rapid build-up of East German armed strength is likely.

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2. PRO-SOVIET BURMESE AMBASSADOR IN MOSCOW TO BECOME PRIME MINISTER'S SECRETARY

[REDACTED]

Prime Minister Nu has appointed U Ohn, the Burmese ambassador in Moscow, to be his personal secretary. [REDACTED]

[REDACTED]

The action was approved by the cabinet on 3 April, despite the grave reservations of some members concerning Ohn's well-known pro-Soviet bias. [REDACTED]

Comment

U Ohn has never concealed his pro-Communist inclinations, which have been repeatedly demonstrated by his behavior in Moscow. In contrast, U Thant-- a devout Buddhist--is an older, more mature person who has been regarded as an important moderating influence on the impulsive premier.

U Ohn's new appointment will put him in a position to influence Nu. An unusually large number of high-level decisions are left to the prime minister because his colleagues either cannot reach a general agreement or wish to avoid responsibility.

Nu probably feels that U Ohn's experience in Moscow will be helpful in handling the increasing number of contacts with Soviet officials in Rangoon.

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3. ICELANDIC GOVERNMENT WEIGHS DECISION ON NATO BASE

Icelandic prime minister Thors told American ambassador Muccio on 5 April that he did not know whether any action would be taken between now and the 24 June parliamentary elections to implement parliament's 28 March resolution calling for the withdrawal of American troops from the NATO air base at Keflavik. He added that since the present Conservative-Progressive coalition government is acting only in a caretaker capacity, he doubts whether he would be able to stop Foreign Minister Gudmundsson if he should press for a revision of the 1951 agreement.

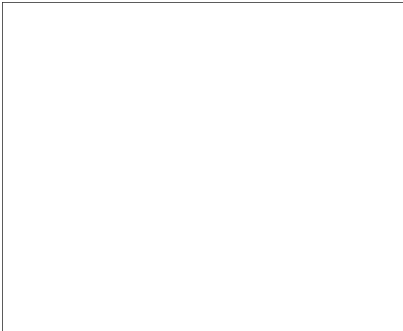
In a separate conversation with the ambassador on 6 April, Foreign Minister Gudmundsson said that since the matter is so serious and complicated he is urging that the advice of "experts" be sought to prepare Iceland's position before any move is made. He intends to discuss the question with Norwegian and Danish foreign ministers Lange and Hansen at the Nordic foreign ministers meeting in Copenhagen on 16 April.

Comment According to informed opinion in Iceland, Gudmundsson's Progressive Party initiated the parliamentary resolution largely as a political maneuver. The small National Defense Party, which opposes the NATO base, made inroads into Progressive strength in the 1953 parliamentary elections.

Lange and Hansen are likely to urge moderation on Gudmundsson's part, but domestic political considerations might force him to press for implementation of the resolution.

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4. NATIONAL ELECTIONS IN CEYLON

 S. W. R. D. Bandaranaike's united front continued to make major gains on 7 April, the second day of Ceylon's national election, winning 14 out of the 23 seats contested. The election total for seats in the lower house of parliament now stands: united front 42, Trotskyite Nava Lanka Sama Samaja Party 11, United National Party 8, Communists 2, and independents 2. The final 30 out of the total of 95 seats will be contested on 10 April.

The united front's margin of victory now seems likely to be so large that Governor General Goonetilleke could not ask the present prime minister, Sir John Kotelawala, to form a minority government without creating serious unrest on the island. Bandaranaike, therefore, appears almost certain to be the next prime minister.

Ceylon's domestic policy under Bandaranaike would probably become strongly socialistic and its foreign policy neutralist. Whatever caution Bandaranaike may be inclined to observe as a result of stock market declines in tea and rubber, on which Ceylon's economy depends, might well be dissipated by attractive economic offers from the Sino-Soviet bloc. Bandaranaike himself stated on 6 April that Ceylon probably would become a republic in the relatively near future. He added that he favored establishing relations with Communist China and the USSR, though he hoped to continue friendly relations with the United States and would accept economic aid from all countries.

There is a possibility that the united front will win enough seats on 10 April to give it an absolute majority in the lower house, though at least half of the seats contested on 10 April may go to Tamil parties, Tamil-speaking independents, and Communists. This may not assure Bandaranaike firm control

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of parliament, however, because his own Sri Lanka Freedom Party will probably remain a minority and the loyalty of the Trotskyite Viplavikara Lanka Sama Samajists and others in his united front is uncertain.

Though the Communists have won only two seats in the first two days of the election, they will probably increase their strength on the third day, when north Ceylonese constituencies, in which they have been campaigning intensively, register their votes. Ceylon's two Trotskyite parties have already doubled the number of seats they held in the last parliament. The far left may therefore control a quarter of the total number of seats when the elections are over and, with Tamil support from northern Ceylon, constitute a formidable body.

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THE ARAB-ISRAELI SITUATION
(Information as of 2300, 8 April)

Israel has charged that on the night of 7 April Egyptian "commandos" carried out a series of attacks on Israeli settlements, on pedestrians on the highway, and on military and civilian vehicles at several points within 15 miles of the northern edge of the Gaza strip. Casualties are given as four Israeli dead and 15 wounded. Israel also charged on 7 April that its fishermen on Lake Tiberias were fired at from the Syrian shore. Two Jordanians and two Israelis were reported killed in a clash six miles inside Jordan. (Press)

Following the revival of Egyptian-sponsored terrorist activity on 7 and 8 April, Israel and Egypt are reinforcing their positions along the Egyptian-Israeli frontier, according to information received by Ambassador Byroade in Cairo. [REDACTED]

Ambassador Byroade believes that if Israeli troops repeat their tactics of retaliation in force, Egyptian forces will do the same and a full-scale war would then be imminent. Prime Minister Nasr, Byroade said, is under strong pressure at home and from the other Arab states and would probably not be able to exercise restraint in the face of another heavy Israeli attack like that at Khan Yunis. [REDACTED]

Israeli prime minister Ben-Gurion told General Burns on 8 April that if Israel were to agree to another

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cease-fire, unreserved assurances must be obtained from Egypt that it would refrain from all hostile acts and would conform to the general armistice agreement. Ben-Gurion said he would wait until noon Tuesday for such assurances, failing which Israel would reserve liberty of action. (SECRET) [REDACTED]

UN truce supervisor General Burns considers the Egyptians responsible for initiating the Gaza incidents and reprisals. The Israelis, Burns stated, initially had a strong case but had later "thrown it away." He added that he did not believe the Israeli attack on civilians was a result of any high level policy decision; the Israelis had "simply blundered into the situation" through their eagerness to retaliate. [REDACTED]

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