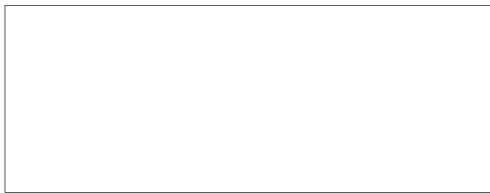


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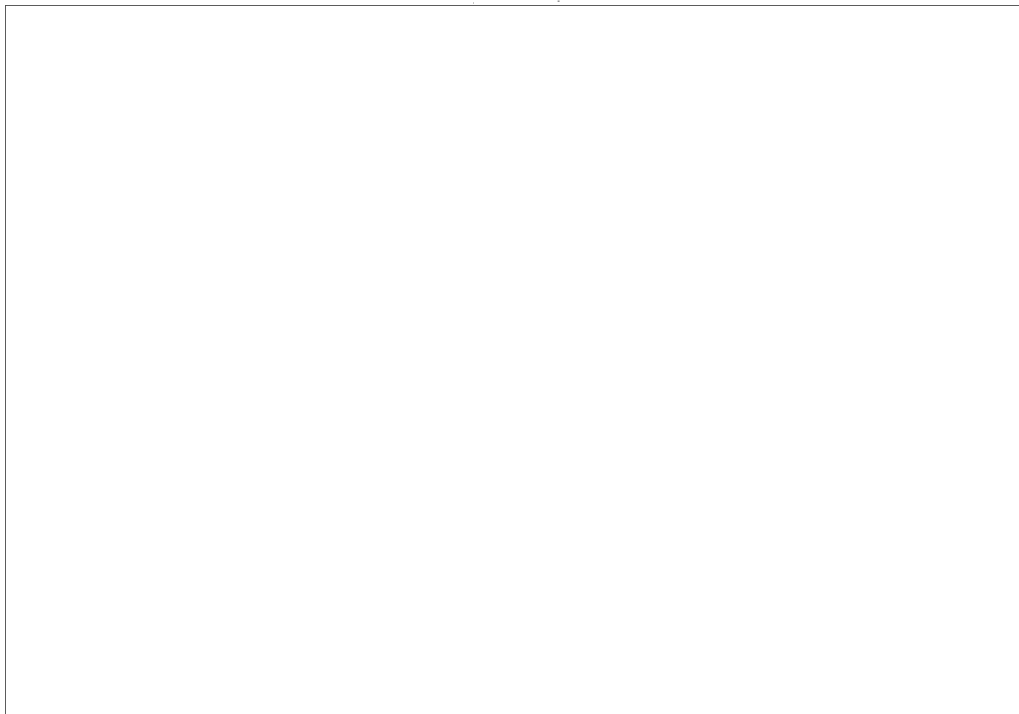
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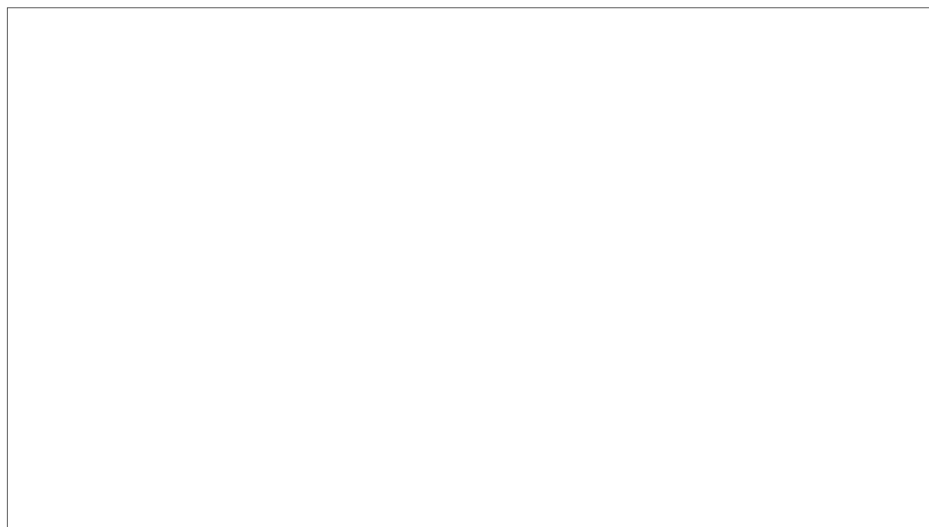
CURRENT INTELLIGENCE BULLETIN

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**1. EGYPT OBTAINS COPY OF ALLEGED WESTERN
PROPOSAL ON SUEZ**



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2. USSR OUTLINES ITS TACTICS AT SUEZ CONFERENCE



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3. EGYPT SEEKS TO GAIN TURKISH SUPPORT ON SUEZ

[REDACTED] Egypt is urging Libya and Lebanon, as friends of Turkey, to persuade Ankara to oppose the idea of international administration of the Suez Canal, [REDACTED]

[REDACTED] Egyptian president Nasser asked the Libyan premier to point out while in Turkey the bad precedent such a decision would set, considering the status of the Turkish Straits, and to suggest that the situation offers a good opportunity to improve Turkey's relations with the Arab states. Nasser also requested the Lebanese government to mediate with Turkey to get it to support "whatever would be in the best interests of Egypt."

Comment

Turkey, whose relations with Egypt are strained, is firmly committed to support the Western position favoring international administration of the Suez Canal. However, Turkey will be alert to oppose any implication that can later be used to challenge its complete control of the Turkish Straits.

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4. JAPANESE GOVERNMENT UNANIMOUS IN OPPOSING SOVIET TREATY TERMS

The Japanese cabinet and the leaders of the ruling Liberal-Democratic Party were unanimous in opposing Foreign Minister Shigemitsu's recommendation

that the Soviet terms for a peace treaty be accepted. Frank Matsumoto, a cabinet official, has told Ambassador Allison that government leaders were amazed that Shigemitsu proposed not only to yield Japan's claims to the Southern Kurils but also would agree to limit navigation of the Sea of Japan by naval vessels to ships of the riparian powers. They believe that Moscow has somehow affected the foreign minister's mind.

Matsumoto said Minister of Agriculture and Forestry Kono is the leading advocate of a firm stand against Moscow's terms. Kono is willing to go to Moscow to confront Bulganin, since the present Soviet position repudiates Bulganin's statement to him in May that a way would be found to put the problem of the Southern Kurils aside and that the USSR would drop the Sea of Japan issue.

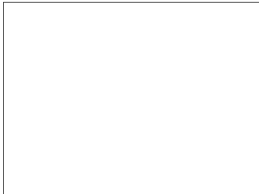
Comment Tokyo's strong reaction to the Soviet treaty terms and its readiness to place the blame on Shigemitsu probably reflect Japanese expectations that a face-saving formula avoiding surrendering Japan's claims to the Kurils would be found. The fact that the Japanese government is not proposing to break off the talks suggests Tokyo may now consider a restoration of diplomatic relations without a treaty the most feasible solution of the present impasse.

Should Shigemitsu, on instructions from Tokyo, threaten to break off the treaty talks, the USSR might again advance the idea of a simple exchange of ambassadors.

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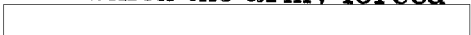
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5. INDONESIA ARMY ATTEMPTS TO ARREST FOREIGN MINISTER



The attempted arrest of Foreign Minister Abdulgani on the eve of his departure for the London conference apparently was an effort on the part of the army to embarrass the government with the aim of forestalling a recent government decision to reassign several top Indonesian army commanders. The arrest was ordered by Colonel Kawilarang, army commander in West Java. The government had hoped the reassignment of commanders would prevent the development of "war lordism," particularly on the part of officers who have held regional commands for several years.



Abdulgani was to have been taken into custody on charges of corruption, and only the intercession of Prime Minister Ali and the army chief of staff prevented the arrest and permitted the foreign minister's departure for the London conference. The attorney general has announced that the corruption charges are being investigated--an indication that the government hopes, by this gesture, to conciliate the army and keep the matter in government hands.

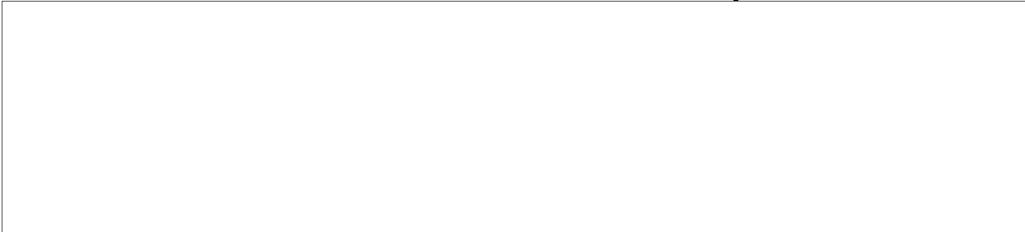
Since 1953 the army has successfully resisted repeated government efforts to make high-level personnel changes without army concurrence or significantly to reorganize the territorial command structure. Kawilarang and at least one other of the seven territorial commanders have been strongly opposed to the National Party since 1952 when that party accepted Communist parliamentary support in an effort to reorganize the army. Kawilarang was probably involved in the crisis in July 1955 in which the army forced the fall of the first Ali cabinet. 

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6. ILLNESS OF HONDURAN CHIEF OF STATE MAY BRING ARMY RULE

 The broad powers apparently granted the new Defense Co-ordinating Command in Honduras would place it in an excellent position to assume control of the government if Chief of State Lozano is incapacitated as a result of his stroke on 11 August. 



The new command was formed about 9 August to "regulate and unify military and civil security action throughout the country." It is composed of a general and two colonels, all of whom are believed to be friendly to the United States.

Political unrest has mounted steadily in the past several months and culminated in an unsuccessful revolt on 1 August. The political situation could deteriorate rapidly and critically without a strong government ready to effect a transition to constitutional government in the relatively near future.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 14 August)

The French chairman of the Israeli-Lebanese Mixed Armistice Commission is being held in custody by the Lebanese police, according to a press report from Beirut. No official reason was given for the detention of the UN truce officer. (Press)

The Damascus branch of the Arab Joint Command advised Cairo that an Israeli patrol crossed the Israeli-Syrian truce line on 13 August but withdrew after meeting machine gun resistance.

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