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5 September 1956



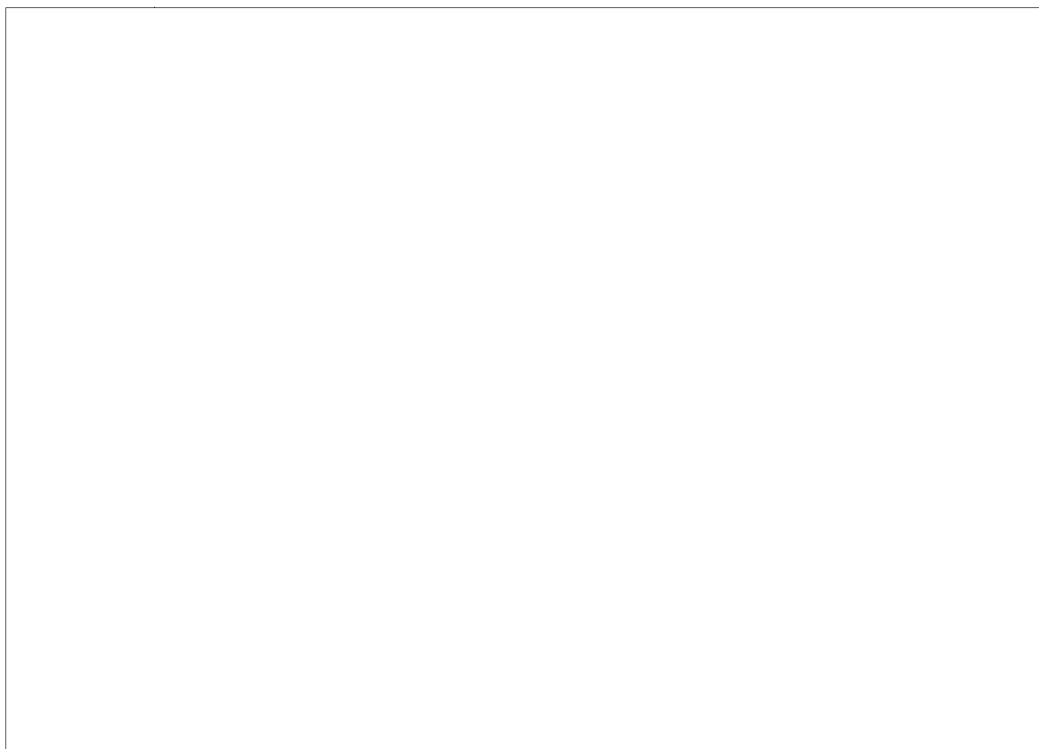
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~~TOP SECRET~~



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CONTENTS

1. **BRITISH BELIEVE EARLY MILITARY ACTION NECESSARY ON SUEZ** [] (page 3).

2. **ITALY MAY MAKE DEMARCHE TO NASR URGING CAUTION ON SUEZ ISSUE** [] (page 4).

3. **CAIRO SEEKS TO SET UP "OPERATIONS" IN KUWAIT AND BAHREIN** [] (page 5).

4. **BURMESE AMBASSADOR WARNS SIHANOUK AGAINST PEIPING** [] (page 6).

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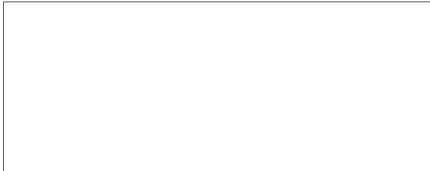
THE ARAB-ISRAELI SITUATION

[] (page 7)

~~TOP SECRET~~ []

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1. BRITISH BELIEVE EARLY MILITARY ACTION NECESSARY ON SUEZ

 Top British government officials believe military action will be necessary in the Suez situation. They are not prepared, moreover, to delay "appreciably" in forcing a showdown, according to the American embassy in London.

The British doubt that Nasr can be persuaded to accept any adequate international arrangement to operate the canal that would demonstrate that he has been prevented from making good his seizure. They consider the prospects good for swift success in a military operation confined to Egypt and believe such action would be welcomed in the Middle East by Tunisia, Libya, Lebanon, Saudi Arabia and Iraq.

Government officials tend to ignore the increasing strength of public opposition to the use of military force, apparently in the belief that the current situation is a historic turning point for Britain requiring that the government take a forceful course regardless of the consequences.

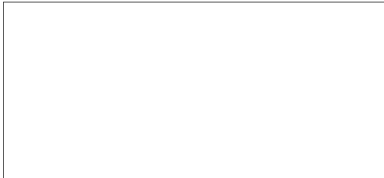
Comment

While a number of Arab leaders would greet Nasr's downfall with private satisfaction, they would find a concomitant increase of British power and prestige unwelcome.

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2. ITALY MAY MAKE DEMARCHE TO NASR URGING CAUTION ON SUEZ ISSUE

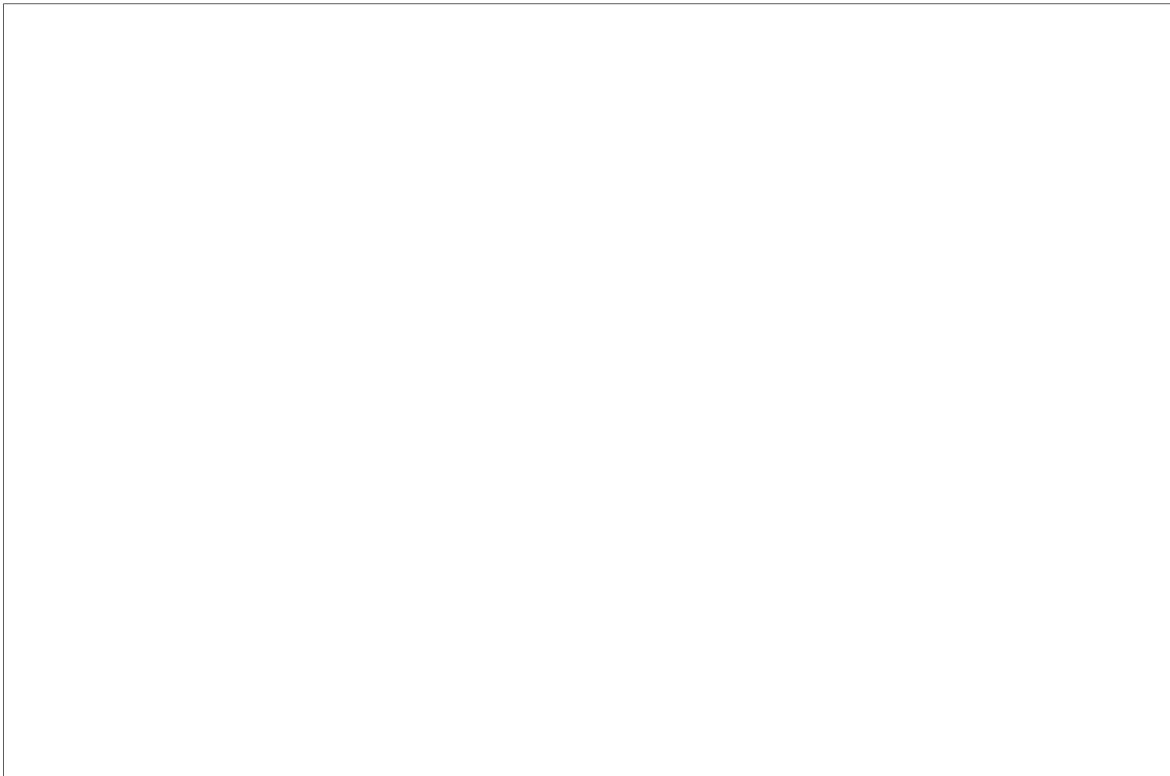
 Premier Segni told Ambassador Luce on 1 September that Italy wishes to make a demarche to Nasr on 5 or 6 September urging him to give careful consideration to the proposal on Suez being presented by the committee of five. Segni said he was concerned that Nasr might underestimate the united determination of the 18 powers. He fears that the British-French menace of force may make Nasr either reject the committee's proposals at once or draw out discussions for a long time, thereby running the risk that incidents at the canal or in Egypt would provide an excuse for military action.

Comment The suggested demarche would probably have little influence on Nasr's position. Segni's proposal springs from Italy's desire to raise its prestige by active participation in the Suez affair.

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**3. CAIRO SEEKS TO SET UP "OPERATIONS" IN KUWAIT
AND BAHREIN**



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4. BURMESE AMBASSADOR WARNS SIHANOUK AGAINST PEIPING

After recounting recent developments in Burma's relations with Communist China, Pe Khin told Sihanouk he personally would prefer to see all of South-east Asia protected by the United States rather than going in separate directions as at present. He said that American aid was preferable to aid from the Communists because America would listen to reason whereas the Communists remain immovable in their policies. The ambassador hoped his representation would cause Sihanouk to have some "helpful second thoughts."

Comment

U Pe Khin, one of Burma's ablest diplomats, will soon take over as his nation's permanent representative at the United Nations. His remarks will probably not bring about any immediate change in Sihanouk's policies; they are, however, a further indication that the Burmese are forcefully expressing to other neutralist countries their disillusionment with Peiping.

Pe Khin's warning undoubtedly reflects the state of Burmese official opinion. There is, however, as yet no other indication that policy-makers in Rangoon are considering an alignment with the US or with SEATO.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 4 September)

Nothing of significance to report.

5 Sept 56

Current Intelligence Bulletin

Page 7

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