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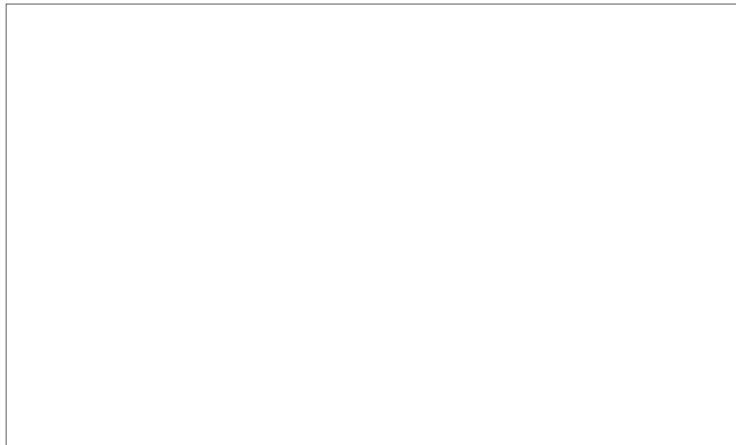
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1. ISRAEL THREATENS USE OF FORCE TO MAINTAIN INTERESTS IN GAZA AND AQABA

Comment on:

[REDACTED] While proceeding to withdraw troops and equipment from the Gulf of Aqaba and the Gaza strip, Israel at the same time has indicated plans for action to uphold what it considers its rights in these areas.

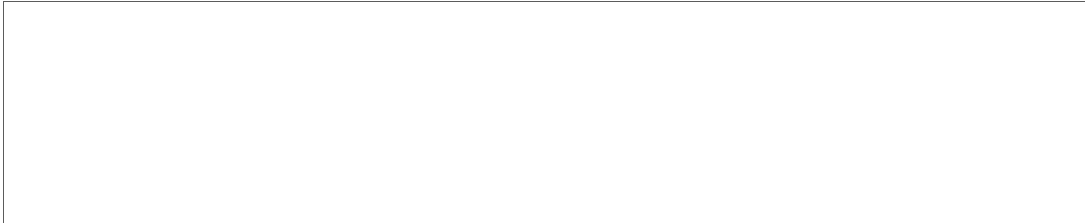
Israel "next week" will exercise the right to pass shipping through the Straits of Tiran, according to a statement by Foreign Minister Meir to UN secretary general Hammarskjold on 5 March. Mrs. Meir declared that Israeli naval vessels would be used "if necessary" in this undertaking.

Mrs. Meir added that a return by Egypt to Gaza "in any way, shape or form" would bring into force Israel's "right of return to Gaza." She specified that this applied not only to the initial period of takeover by the UN forces, but for the future as well. On the other hand, Nasr instructed Foreign Minister Fawzi [REDACTED] to tell Hammarskjold that Egypt would not agree to a non-Egyptian administration for the Gaza strip.

Hammarskjold told Ambassador Lodge he had avoided taking any position on the substance of Mrs. Meir's statement because he wished to avoid any excuse for stopping Israel's withdrawal. Hammarskjold said he did not know what to do because, in view of Israel's attitude, he could not negotiate with Egypt on either Suez or Gaza.

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Recent information suggests that the French intend to maintain a small parachute force--probably no more than 500 men--on Cyprus as a nucleus for expansion if the French decide to provide further military assistance to Israel. The British have about 24,500 troops on Cyprus, including an 800-man commando battalion.



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2. ARABS MOVE TO REPAIR SYRIAN PIPELINE AND BEGIN SUEZ DISCUSSIONS

Comment on:

There are indications that Nasr, now that Israel is in process of withdrawal, feels it necessary to make some conciliatory gestures to relieve expected pressures on Egypt from the West. Press reports state that Syria has given permission for repair of the Iraq Petroleum Company (IPC) pipelines sabotaged last November, and a UN source in Cairo reports Nasr has instructed his foreign minister to proceed to discuss a settlement of the Suez Canal issue.

These moves do not indicate any basic change in the Egyptian position on these issues. If Israel delays its withdrawal, or Egypt feels it is not obtaining its aims in the Gaza strip or the Gulf of Aqaba, action on these moves may be abandoned.

Nasr told the UN source that clearance of the tug Edgar Bonnet--the principal remaining obstacle to transit of ships up to 10,000 tons or up to 25-foot draft--could begin as soon as the Israelis gave "concrete evidence" of withdrawing. The US naval attaché in Cairo estimated that three weeks' work after beginning the removal of the Bonnet would be required to complete this first phase of clearance.

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3. PETSARATH EXPECTS PREMIERSHIP AFTER RETURN TO LAOS

[redacted] Prince Petsarath expects to become Laotian prime minister after supplementary elections are held in May, [redacted]

[redacted] Both Prime Minister Souvanna Phouma and Pathet chief Souphannouvong have agreed in principle to this. They expect their half brother to play a unifying role in the settlement of the Pathet Lao problem following his return in late March.

[redacted]

Comment

Petsarath is [redacted] planning to return to Vientiane about 22

March after 11 years of self-exile in Thailand. Negotiations between the government and the Pathet Lao are deadlocked. If a settlement is reached following his return, his great prestige as a Laotian nationalist would seem to fit him to preside over a coalition government as a symbol of national unity. He is authoritarian and would provide strong leadership for Laos. His great self-confidence may make him believe that he can manipulate the Communists to his own advantage.

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4. COMMUNISTS STRENGTHEN MILITARY CAPABILITIES IN NORTH SUMATRA

[REDACTED] [REDACTED]
The pro-Communist regimental commander at Siantar, in North Sumatra, Lt. Col. Machmour, has split with the area's territorial commander, Lt. Col.

Ginting, [REDACTED] Machmour has set up a village defense organization throughout the rubber-rich area along the east coast of Sumatra. The organization is Communist dominated and numbers between 12,000 and 15,000, of whom approximately 1,500 are armed. [REDACTED]

Comment Machmour has been arming members of the Communist-dominated estate workers' union, SARBUPRI, ever since the North Sumatran revolt of last December. His village security organization has enrolled all village youths in the area, and military training has been carried on under the direction of the local SARBUPRI chief.

Machmour appears to be working with the Communists to defeat an autonomous movement in the east coast area and to undermine the strongly anti-Communist and largely autonomous Central Sumatran regime.

The army chief of staff, General Nasution, who has been equivocal on President Sukarno's concept for a reorganized government, is now reported in "serious disagreement" with the president over Communist participation in the government.

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