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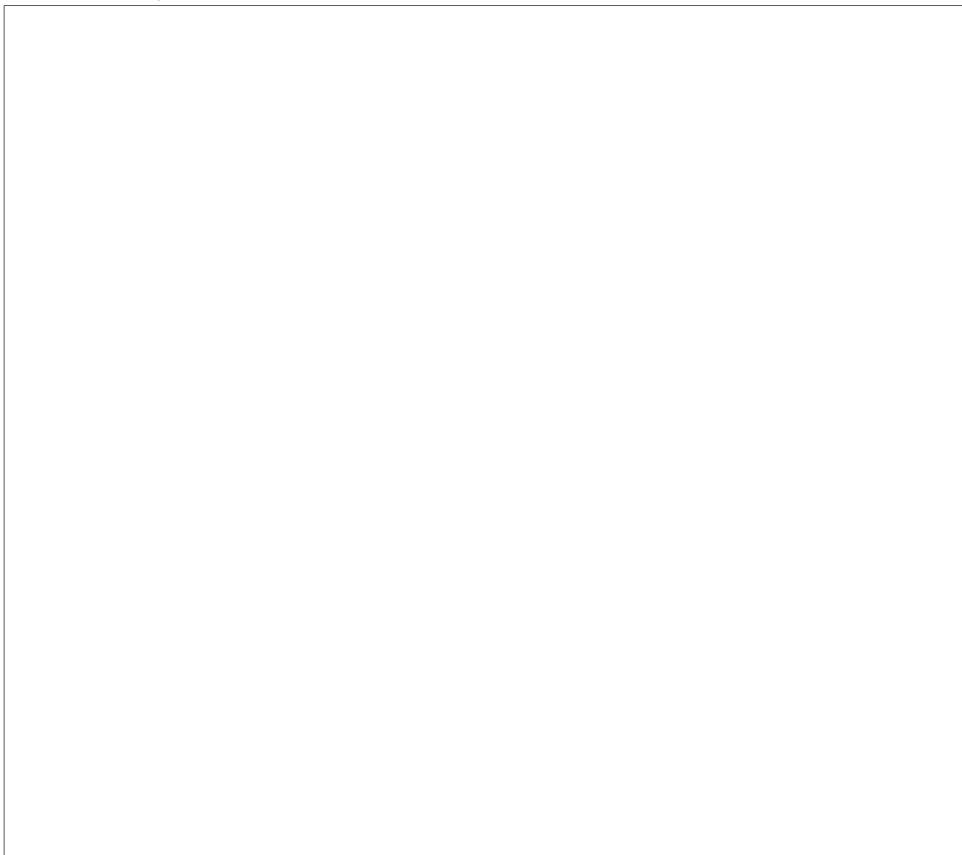
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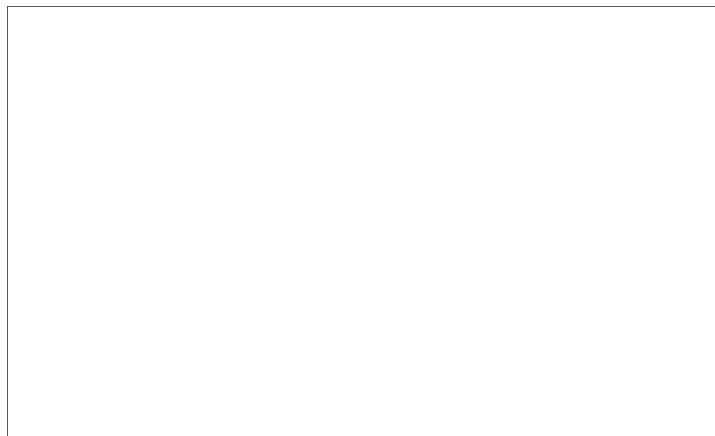
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1. EAST GERMAN REGIME ASSUMES VISA AUTHORITY OVER ALLIED OFFICIALS

Comment on: [REDACTED]

[REDACTED]

In a direct challenge to Allied rights of access to Berlin, the government of the German Democratic Republic (GDR) sent notes to Allied officials on 28 December that, effective 1 January 1958, Allied holders of diplomatic and special passports must obtain GDR visas for travel in East Germany. The Soviet chargé in East Berlin, in a letter to US Ambassador Bruce on 30 December, supported the East German position and stated that after 1 January 1958, "the issuance of visas to citizens of the USA for entering or transiting the territory of the GDR will not be handled by Soviet consular offices." These moves are intended to compel the Allies to recognize the GDR as a sovereign state and comply with its laws.

The East German note left at the US mission in Berlin stated that "traffic between the German Federal Republic and West Berlin of troop personnel and goods of the garrison stationed in West Berlin is excepted from this regulation." The construction the Communists will place on the exception of "troop personnel" of the Berlin garrisons cannot yet be determined.

Possibly indicating some Soviet circumspection in interfering with Allied access to Berlin, the press attaché of the Soviet Embassy in East Berlin told an American newspaperman on 30 December that the new visa regulations would not apply to "diplomats attached to Allied military missions in West Berlin"--presumably the Allies' diplomatic missions in West Berlin--who are proceeding by autobahn and wish to travel to West Germany. Members of the military missions will be able to travel as before, he said, but diplomats and other

official travelers not attached to the West Berlin military commands will have to obtain visas from the East Germans.

In any event the new procedures will apply to all American, British, and French diplomatic and special passport holders who pass through East Germany in transit to or from Moscow and Warsaw, or who travel within East Germany. The aircraft that serves the American Embassy in Moscow, which normally flies to and from West Berlin, will probably also be affected. The Communists thus are attempting to force the United States to deal with the East Germans on an issue where the right of free access to Berlin does not apply.

2. **INDONESIAN CABINET AGREES TO SEEK SOVIET AID IN CAMPAIGN AGAINST DUTCH**

Comment on:

[redacted] [redacted]
[redacted] the entire Indonesian cabinet, including all non-Communist ministers, has agreed to seek Soviet assistance in the "struggle against the Dutch." [redacted] in the face of Western opposition to Indonesia's claim to Netherlands New Guinea, Indonesia has no choice but to turn to the Soviet Union.

The American embassy comments that the statements [redacted] with the tone of recent speeches by Prime Minister Djuanda and Foreign Minister Subandrio on the necessity for closer Indonesian relations with the Communist bloc. The cabinet's reported decision, the recent speeches, and official statements on Indonesia's unsuccessful efforts to obtain arms from the United States, have all the earmarks of the government's final step in justifying arms acquisitions from the Soviet Union.

The Soviet credit for \$100,000,000 negotiated in September 1956 for technical assistance probably could be diverted for arms and other military equipment. The cabinet's decision confirms other information, heretofore [redacted] [redacted] that Indonesia has decided to turn to the bloc for arms.

3. ISRAELI PRIME MINISTER RESIGNS

Comment on:

Israeli Prime Minister Ben-Gurion's resignation is a political maneuver which will have no significant effect on Israel's policies. The prime minister was forced to take this action in order to oust from his coalition cabinet two representatives of the left-wing Achdut Haavoda party who, in his view, had breached cabinet "discipline" by revealing prematurely plans to send an Israeli defense mission to West Germany.

Negotiations to form a new cabinet coalition, made necessary by the fact that Ben-Gurion's Mapai party has only 40 of the 120 seats in the Israeli parliament, may be prolonged. However, similar situations in the past have not seriously impeded the conduct of government business, and Ben-Gurion will meanwhile remain as head of a caretaker cabinet.

4. THE AFRO-ASIAN SOLIDARITY CONFERENCE

Comment on:

The strong anti-Western economic and political proposals emerging from the Afro-Asian Solidarity Conference will probably set the lines for Communist and ultranationalist agitation in Africa and Asia during 1958. Liberation of the world's colonial areas emerged as a major conference theme on which African delegates were especially vociferous. Aside from the relatively moderate delegates from Ghana and Ethiopia, African representation is generally drawn from illegal ultranationalists or political unknowns. An international trusteeship for all colonies as a first step to independence was also proposed.

The quasi-governmental offer of Soviet economic aid to any country in the area was couched in familiar terms of benevolent Soviet assistance free of political strings. The USSR is probably capable of extending large quantities of additional aid under its economic relations offensive, but this would involve revision of present economic resource allocations. The priority the USSR places on extending its influence in Asia and Africa may be sufficiently great to warrant such an adjustment. The Soviet delegation also urged nationalization of Western economic interests as "the most rapid and effective path to industrialization." The Syrian delegation called for immediate confiscation of Middle Eastern oil interests.

Communist domination of the conference appears complete, with the Soviet delegation overshadowing other delegations.

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**5. IRAQ PLANS TO INCREASE FINANCIAL AID TO
ALGERIAN NATIONALISTS**

Comment on:

[REDACTED] The Iraqi Government plans to increase its financial support of the Algerian nationalists from the \$210,000 already contributed, [REDACTED]

[REDACTED] An "Algerian Relief Fund" of \$700,000 to \$1,400,000 will be included in the Iraqi budget for parliamentary approval. This extensive financial aid to the Algerians is in marked contrast to Baghdad's refusal to make a significant contribution to Jordan and reflects the general Arab interest in the Algerian rebellion.

An Algerian delegation recently arrived in Cairo with a budget of its annual financial requirements and appealed for regular annual financial aid at a meeting of the Arab League. The Arab states are now considering the appeal. In the past they have given consistent political support, and Egypt and Syria have supplied considerable military aid to the nationalists.

6. YEMEN FURTHER TIGHTENING TIES WITH SOVIET BLOC

Comment on:

Yemen's Crown Prince Badr, who arrived in Moscow on 30 December, has concluded additional diplomatic, economic, and military aid agreements during visits to Rumania, Poland, and Yugoslavia in recent weeks, after inconclusive visits to London, Rome, and Paris. Meanwhile Badr's father, the ailing Imam of Yemen, on 25 December in effect rejected new American aid offers presented by Ambassador Wadsworth.

The Imam's growing collaboration with the Soviet bloc has aroused the concern of King Saud, who on 24 December warned the Imam against this "partiality for the Communist side." Pointing out that the presence of Communist missions in Yemen would create a threat to Saudi Arabia, Saud gave veiled warning of possible punitive measures against Yemen.

7. USSR OFFERS NUCLEAR AID TO BURMA

Comment on:

[REDACTED] The USSR has offered to build a nuclear laboratory and eventually a nuclear reactor in Burma in exchange for exclusive purchase rights to any exportable surplus of fissionable raw materials produced in Burma, [REDACTED]

It seems unlikely that such an offer would appeal to the Burmese. The exclusive purchase feature would contravene Rangoon's neutral foreign policy. The Burmese, moreover, are already proceeding with long-standing plans to construct a nuclear laboratory center under the technical guidance of an American research corporation, and have formally requested that this project be financed out of the \$25,000,000 loan recently granted to Burma by the United States.

The Soviet Union has also during the last six months been promoting ties with Indonesia in the atomic energy field. In attempts to implement the atomic energy provisions of the Soviet-Indonesian economic agreement, Soviet officials in Djakarta offered in August and again in November to survey fissionable material resources in Indonesia. The USSR recently gained permission to hold an atomic exhibit in Indonesia in 1958, [REDACTED]

8. NEW THAI GOVERNMENT FACES UNCERTAIN FUTURE

Comment on:

Despite the orderly manner in which the new Thai Government is being organized under Premier-designate General Thanom, its future prospects have been clouded by Marshal Sarit's critical illness and intensified political maneuvering.

Sarit, the armed forces commander, is the individual most capable of maintaining unity within the ruling military group which came to power by coup d'etat last September. His illness is likely to cause some of his more ambitious subordinates to think in terms of alternatives to his leadership, and his death would probably cause a wide-open struggle for power.

General Thanom would seem to be in the best position to succeed Sarit as Thailand's "strong man." His real power within the military group may be weakened, however, as his assumption of the premiership may deprive him of direct command of the key First Army located in the Bangkok area. Thanom's engrossment in politics would particularly benefit General Prapat, the present minister of interior, who is expected to succeed him in command of the First Army. The dynamic Prapat is ambitious to become Thailand's leader.

In parliament, the ruling group has encountered unanticipated difficulties in forming a new government party. Although the middle-of-the-road Unionist party has apparently agreed to join the new party, many of its members are dissatisfied with this arrangement and may not be counted on to support the government on all issues. The government's parliamentary problems may be aggravated if it fulfills a promise to conduct by-elections next March for 26 seats in the assembly to replace present appointed members.

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9. KISHI LETTER MAY IMPERIL FUTURE OF JAPANESE-
SOUTH KOREAN TALKS

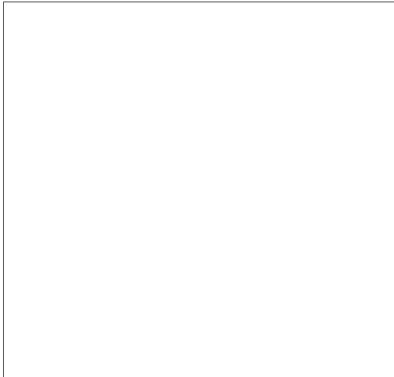
Comment on:

This threat to future negotiations overshadows a preliminary agreement expected to be signed on 31 December which provides for the immediate release of all Japanese fishermen held in Korea except those who have not completed their prison sentences for violation of the "Rhee line." Japan is to release all incarcerated Koreans who entered Japan prior to 1945 and repatriate all those who subsequently entered the country illegally.

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10. AMERICAN OIL COMPANIES BECOMING AN ISSUE IN BITTER GUATEMALAN ELECTION CAMPAIGN

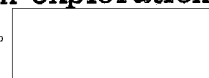
Comment on:



By making American oil companies a political issue, Guatemala's rightist presidential candidate Ydigoras is attempting to exploit nationalistic and anti-American feeling in his bid for election on 19 January. Ydigoras charged on 26 December that American oil companies were supporting center presidential candidate Cruz Salazar. He implied that if Cruz is elected, Guatemala will have been "purchased" by an American consortium and that Guatemalan soil will give up its riches to the foreigners and will cease to be Guatemalan. He conceded, however, that Cruz is probably not receiving the direct support of the United States Government.

Ydigoras' speech, which parrots the leftist and Communist lines, seems to reflect his need for a strong new issue in his contest with Cruz and the leftist presidential candidate, Mario Mendez Montenegro, who have been gaining strength at his expense. If Cruz wins the election, it may also presage a new tactical alliance between Ydigoras and the leftists. Such an alliance existed during the disturbances last October which ended in the annulment of the 20 October election.

The 19 oil companies active in Guatemala, most of them American, spent over \$10,000,000 in exploration there this year. Actual drilling is just beginning.



11. CRISIS IN THE NETHERLANDS COMMUNIST PARTY

Comment on:



Clashes between the Netherlands Communist party and its trade union affiliate, the EVC, have led three more prominent Communists--who are also members of parliament--to resign from the party's central committee, according to the Dutch press. Further losses in party prestige and membership seem imminent, and a party split is a distinct possibility.

The present difficulties largely result from the EVC's determination to maintain some independence of action despite the efforts of Secretary General Paul De Groot to reassert his absolute control over all Communist activities in the Netherlands. De Groot's expulsion of one prominent party member in November led two central committee members to resign their posts earlier this month, and since then, the party's leaders have been taking sides for a showdown.

The strength of the Dutch Communist party has declined steadily since its early postwar peak when it had an estimated 53,000 members, polled as high as 10 percent of the vote, and presumably exercised some influence over the 400,000 readers of the party newspaper. An official Dutch service has recently estimated the party and EVC membership at 18,000 and 35,000 respectively. 