

## JOINT INTELLIGENCE COMMITTEE

## REVIEW OF CURRENT INTELLIGENCE AS AT 18th JANUARY, 1966

(Note—Items for inclusion in the Weekly Review for NATO Commands are marked ✕)

## FAR EAST

## INDIA: PURCHASE OF TANKS (SECRET)

1. According to a reliable source, India contracted in November 1965 to purchase from Czechoslovakia 260 tanks, of which 225 were to be T-54As, and the others various types adapted for special functions. Delivery was to begin in December and to continue for six to ten months. There is a possibility that if satisfied with these tanks the Indians will order another 200 later. It had earlier been reported that India was to ask the USSR for T-55 tanks, but if these were not quickly available would turn to the Czechs for T-54s.

## INDONESIA: DEFAULT ON PAYMENT TO JAPAN (CONFIDENTIAL)

2. It has long been expected that Indonesia's shortage of foreign exchange which has already led to the re-scheduling of payments to the *bloc*, would lead to a default on obligations to non-*bloc* countries. It is now reported that she has defaulted on a payment of \$11 million to Japan and that this has led to a withdrawal of all export credit guarantee facilities. Certain payments in London, Paris and Bonn, and probably elsewhere, are also known to be overdue. No explanation has been proffered by the Indonesian authorities.

3. A financial mission led by Chaerul Saleh is to visit Japan, the Soviet Union and Eastern Europe to request a moratorium for Indonesia's debt repayments to these countries. The defaults—the first reported in any non-*bloc* country—must further diminish Indonesia's creditworthiness in the eyes of both private businessmen and Governments.

## INDONESIA: POLITICAL (SECRET)

4. There are indications that the military and civilian administrations in Indonesia are beginning to work out an accommodation although this may be only temporary. This is due as much to the reluctance of the Generals to assume political and economic responsibility as to manoeuvring by Sukarno and Subandrio. It is now apparent, for example, that the three Deputy Prime Ministers (Subandrio, Leimena and Chaerul Saleh) have after all secured representation on the new-style Supreme Operations Command (KOTI) as Assistants to the President. (The circumstances surrounding this situation are dealt with at Annex.) Furthermore, General Suharto's pledge of loyalty on 16th January in response to Sukarno's plea for support has to some extent committed the former in the public mind to supporting the President.

5. The Generals' apparent loss of momentum is most evident in the economic sphere. It is clear that all the economic measures recently introduced, including the internal revaluation of the rupiah, were carried through at the initiative of the Cabinet Presidium and, though the Generals were almost certainly aware of the Presidium's intentions, they may not have been formally consulted. The demonstrations subsequently organised by student organisations in protest against the new measures seem to have been inspired more by the political parties than by the Generals, and to be directed against both Sukarno personally and Chaerul Saleh as Minister responsible for introducing the measures.

6. Whatever the significance of the demonstrations, however, Chaerul Saleh seems to have replaced Subandrio as the focal point of popular criticism and the latter is now under much less pressure than he has been for many weeks. Sukarno's admission that some 87,000 people have been killed in Indonesia since the attempted *coup* is probably intended to persuade the Generals to halt the anti-Communist campaign; however the investigations of the Special Military Tribunal, which are due to begin next week, may encourage the Generals to reassert their authority. This trend may be carried further if Sukarno's "political settlement", publicly foreshadowed by Subandrio on 16th January, includes a ban on the PKI.

## MIDDLE EAST

### FEDERATION OF SOUTH ARABIA (SECRET)

7. The National Liberation Front (NLF) and the Organisation for the Liberation of the Occupied South (OLOS) are stated to have merged in a new organisation pledged to liquidate British colonialism from South Arabia. There have been several earlier unsuccessful Egyptian attempts to merge these two groups and this looks like a renewed effort timed to increase pressure on the British and Federal Governments before Egyptian withdrawal from the Yemen which, it is reported, is due to begin in March. The Egyptians have over a long period been trying to force OLOS into more militant action and one reason for doing so is that they distrust the NLF's connection with a Communist-influenced movement based in Syria, Lebanon and Kuwait. Asnag is reported as saying that, although he remains opposed to terrorism in principle, he fears that he would be finished as a political figure if he did not join in at this stage. He has also said that he intends OLOS's militant activities to be restricted to the extent necessary to placate the Egyptians until the NLF can be liquidated. There is good reason to believe that the personal and political differences which have hitherto hampered co-operation between the two groups still persist, and it is doubtful if the nominal merger will result in more effective joint action. Nevertheless it is known that dissidents, reported to be about 300, are being trained in Taiz under OLOS auspices and reports have mentioned plans for specific acts of terrorism and sabotage in Aden State. There is therefore a risk of the campaign of terrorism at present conducted by the NLF being reinforced by additional groups of trained thugs operating under the OLOS banner. Taiz radio has already ascribed four up-country incidents specifically to OLOS rather than NLF rebels.

8. The sending of parcel bombs through the post to three senior British officials marks a new development in terrorist techniques. The only comparable effort in the past was an unsuccessful attempt to smuggle from Taiz a consignment of booby-trapped satchels and thermos flasks in early 1965. It may be that the High Commission staff, both European and Arab, is now a priority target.

9. A new development in the Shell strike has been a campaign of intimidation directed against the senior staff manning the Shell installation at Little Aden. This is likely to result in a reduction in output, but it is expected that bulk distribution will continue at an adequate level at least for the next few days. Other branches of the General Union of Petroleum Workers have so far resisted efforts to involve them in sympathetic industrial action.

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