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SOVIET UNION

1. USSR reported preparing conference of returned emigrés:

 The American consul general in Munich reports that during the last few days rumors have been rife that the Kremlin is preparing soon to stage a conference in Moscow of emigrés who have "re-defected" to the USSR. The consul general believes that such a development would be an extremely clever move on the part of the Soviet Union at this time because emigré morale is at a nadir.

The recent murder of a prominent emigré who had refused to re-defect has heightened the fears of emigrés that such refusal marks them for elimination. The United States is reported receiving the brunt of criticism for its indifference to the dangers which emigrés undergo in serving the United States.

Comment: There has recently been a marked increase in the tempo of Soviet efforts to induce re-defection. According to one report a general amnesty of Soviet emigrés is being seriously considered in Moscow.

The USSR has always sought to penetrate and subvert the emigré organizations. Intensification of this effort plus the increased use of blandishments may be motivated both by a desire to reduce American influence among emigrés and by the low state of their morale.

Propaganda exploitation of re-defectors would partially offset the loss of face caused by recent widely publicized Soviet defections, and would have the further effect of undermining mutual confidence between the United States and the emigrés.

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FAR EAST

2. Peiping preparing for larger role in Sino-Soviet civil air company:

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[redacted] use of Chinese personnel in this company had previously been limited to such duties as ground support personnel and administrative officials.

Comment: SKOGA is one of four joint stock companies [redacted]

[redacted] to be turned over to the Chinese [redacted] Since it is the only scheduled airline on routes between Communist China and the USSR, its operations may not be wholly taken over by the Chinese civil air fleet, but may instead be shared with the Soviet civil air fleet.

[redacted]

3. Comment on Peiping reaction to US security pact with Chinese Nationalists:

[redacted]

Peiping's first comment on the new mutual security treaty between the United States and Nationalist China suggests that the Chinese Communists view the pact as an expected formalization of the existing American commitment to the defense of Formosa and the Pescadores. This comment also suggests,

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however, continuing Communist uncertainty as to American policy with respect to defense of the major Nationalist-held offshore islands.

The People's Daily, official newspaper of the Chinese Communist party, denounces the treaty in conventional terms. The paper reaffirms that Communist China will "liberate" Formosa and that any attempt to block the operation would be "flagrant interference." It concludes that the United States "must be responsible for all consequences that may arise" from the pact, but it does not repeat the earlier assertion that the United States would be responsible "should an over-all conflict in the Far East be provoked."

Since last July Chinese Communist clamor for the "liberation" of Formosa has greatly increased. Nevertheless all official pronouncements have indicated, and continue to indicate, that Peiping believes an extended period of preparation will be necessary before a military operation can be launched. The Chinese Communists are apparently seeking, in the meantime, to isolate the United States on the issue of support for Nationalist China.

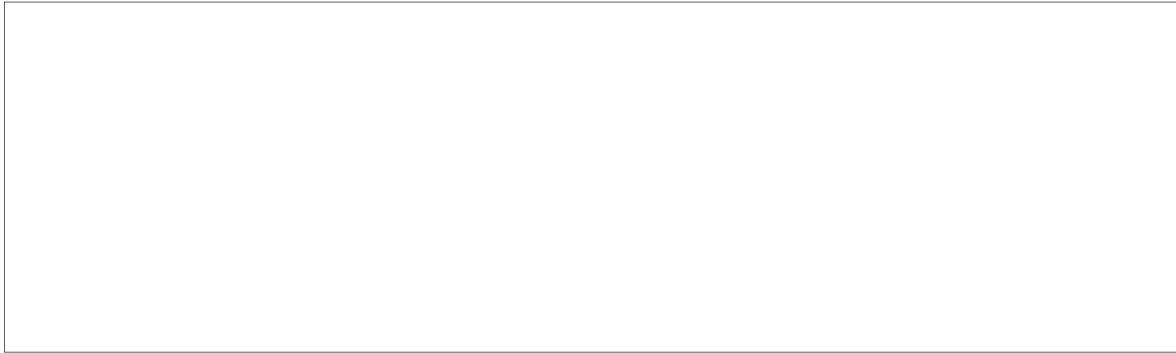
The People's Daily observes that the treaty "will provide for the inclusion by agreement of other territories" The Chinese Communists almost certainly hoped, and may have expected, that the treaty would clarify specific American intentions as regards the offshore islands. As such clarification was not forthcoming, it seems likely that Peiping will undertake further probing actions designed to test American intentions. []

NEAR EAST - AFRICA

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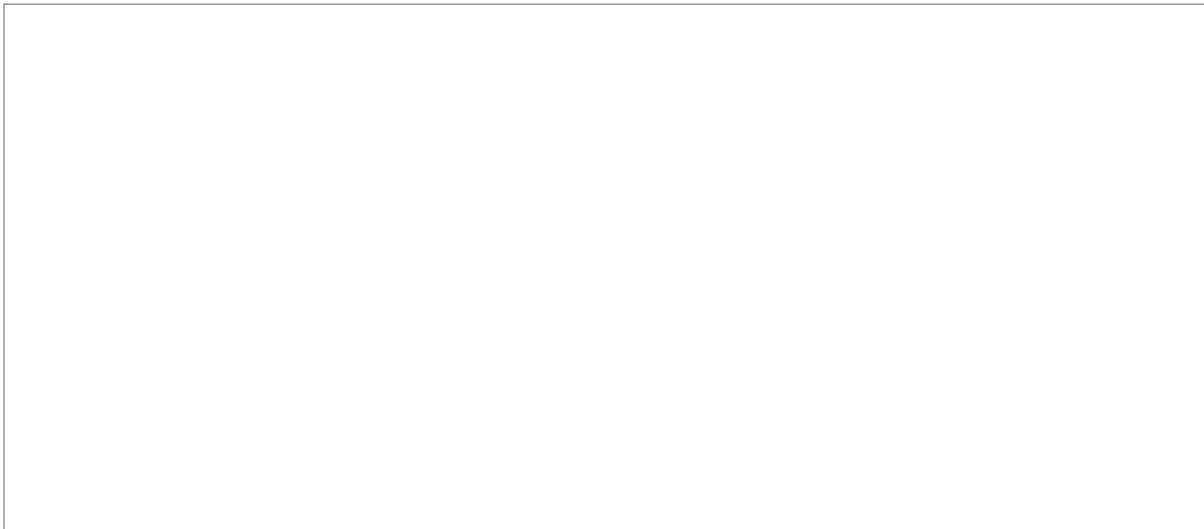
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WESTERN EUROPE

5. Western powers seen divided over future NATO-WEU relationships:



Comment: The present French government must obtain a large role for WEU in order to gain votes for the Paris agreements among those French deputies who are primarily concerned over the control of German rearmament. The British, however, wish to avoid unnecessary duplication between WEU and NATO activities. They apparently have strong support among the smaller Continental countries, which view the projected WEU organization as an improper vehicle for the supranational integration of Europe for which they still hope.

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~~TOP SECRET~~6. Mendes-France confident of surviving North African debate:

French premier Mendes-France told Ambassador Dillon in Paris on 2 December that the Algerian situation is "much better" and that he expects to get through the North African debate in the assembly by 10 December "without too much trouble." The ambassador has the impression that Mendes-France would prefer that the slow-moving negotiations on Tunisia not be completed before 10 December. He said that the substantial French concessions planned would rouse "very acrimonious" assembly reaction.

He said that before debate on the Paris accords opens on 20 December, he needs to be able to show the assembly that something is being done to carry out "parallel" negotiations with the East. According to the premier, the assembly's foreign affairs committee had pressed him hard concerning concrete steps on preparations for a possible four-power conference in the spring. He argued that a demarche in Moscow, whether unilateral or tripartite, to follow up his UN suggestion for a conference on Austria was "most urgent."

Comment: Mendes-France appears more optimistic concerning his chances for surviving the North African debate and for securing an absolute majority for the Paris accords than many observers.

Even though a French approach to Moscow will probably be limited to soundings as to the prospect of negotiations after the Paris accords are ratified, it will enable Mendes-France to counter such pressure as De Gaulle's call on 4 December for East-West talks before the Paris accords come into effect.

7. France threatens evacuation of South Vietnam:

French minister for the Associated States La Chambre told Ambassador Dillon on 2 December that unless a stable and strong government is functioning

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in South Vietnam by 15 January, France will have to evacuate. He said a stable and strong government could be either a reorganized Diem government with competent ministers of defense and interior, or a new government.

La Chambre said the French estimate that the civilian population to be evacuated to France will run to 300,000 or 400,000, including French families and those Vietnamese who are compromised by their pro-French attitude or who want to be evacuated. The French expeditionary corps could be removed only after evacuation of the civilians was completed. The operation, he said, would probably take a year.

Comment: French officials are apparently using every possible tactic to coerce the United States into a greater recognition of France's primary position in Indochina, both in terms of dollar aid and the maintenance of French economic and cultural influence. A spokesman for La Chambre had earlier stressed the shortness of time left for solving South Vietnam's problems.

The French see General Collins' recommendations for reducing the size of the Vietnamese army and the expeditionary corps as cutting the dollar aid they will receive and have stated that this cut gives them license to withdraw French troops as they see fit.

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