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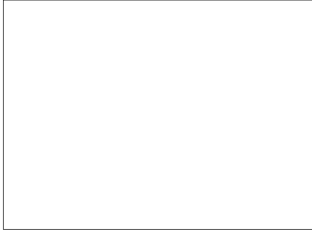
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GENERAL

1. Afghanistan to establish diplomatic relations with Communist China:



The Afghan government has agreed to establish diplomatic relations with the Chinese People's Republic, 



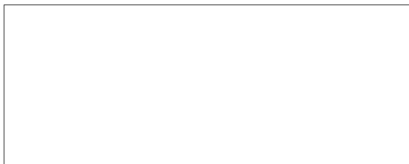
Comment: The Afghan agreement was presumably made in response to a Communist Chinese approach. Premier Chou En-lai announced on 23 September before the National People's Congress that contacts were being made to establish diplomatic relations with Afghanistan.

Kabul recognized the Communist regime in Peiping in January 1950, and Chinese interests in Afghanistan have been safeguarded by the USSR since that time.

Afghanistan has an approximately 30-mile common border with China in the remote Wakhan corridor, which lies north of Kashmir. This border is one of the most difficult mountainous territories in the world, and there is little contact between Afghanistan and China across it.

FAR EAST

2. Chinese Communist submarines now considered capable of offensive operations:



The state of training of Chinese Communist submarine crews is now considered sufficiently advanced to permit offensive

operations, according to the American Pacific Fleet. As yet, however, these submarines, which are based at Tsingtao, are not believed to have operated in waters outside the Yellow Sea.

Comment: There are three small coastal submarines and at least two and possibly three long-range "S-class" types at Tsingtao. The use of these submarines in coastal waters would present a real danger to Chinese Nationalist vessels, the crews of which are considered unskilled in anti-submarine warfare.

A number of recent reports [redacted] [redacted] have told of submarines sighted near Nationalist-held islands, but none of the reports have been confirmed. There is some possibility, however, that the Nationalist destroyer escort lost near the Tachens in November may have been torpedoed by a submarine.

SOUTHEAST ASIA

3. Laotian minister in Washington warns against deal with Pathet Lao:

[redacted]

Comment: In a recent interview at the Department of State, the minister expressed his low opinion of Premier Katay, the principal proponent of reconciliation with the Pathet Lao. He accused Katay of opportunism before the war with respect to the French, during the war toward the Japanese, and now toward the Pathet Lao.

Whatever Katay's motives, the conviction is likely to persist among most Laotian officials that some sort of compromise with the Pathet Lao leaders must be concluded to regain control over the two northern provinces now in

Communist hands. The cease-fire agreement calls for a political settlement, and Indian truce officials have interpreted their mission as that of "getting the two sides together."

Laotian leaders have reproached Pathet Lao prince Souphanouvong for having sold out to the Viet Minh, not so much because the Viet Minh is Communist as because it is Vietnamese. Prior to their association with the Viet Minh, none of the Pathet Lao leaders had a Communist background, a fact which has perhaps unduly allayed Laotian fears of Communist infiltration via the Pathet Lao.

4. Burmese foreign minister surveys pressing issues before UN:



Comment: Burma generally avoids taking sides on issues before the UN which reflect the East-West power struggle.

The Burmese find themselves in a particularly embarrassing position, as their premier is currently being wined and dined on a spectacular scale in Peiping. The chances are, however, that Burma will abstain on the above items, as it did earlier this week on the question of inscribing on the agenda the item regarding the American fliers.

EASTERN EUROPE

5. Albania reported seeking to improve relations with Greece:



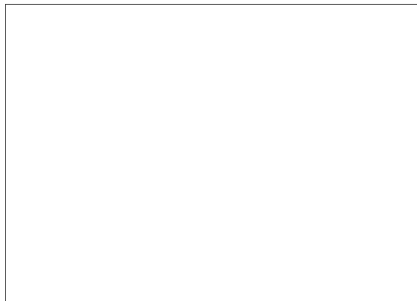
Albania wishes to restore normal relations with Greece. The Greeks maintain, however, that Albania must first show a desire for a satisfactory rectification of their common border.

Comment: Albanian efforts to improve relations with Greece are a reflection of Moscow's present policy of promoting "peaceful coexistence" with the non-Orbit world. Tirana's recent resumption of normal diplomatic relations with Yugoslavia now highlights the total absence of any diplomatic intercourse with Albania's southern neighbor.

Greece is very unlikely to agree to the establishment of normal diplomatic relations with Albania in the near future. Athens has consistently held that the two countries are at war by virtue of Albania's declaration of war on Greece in 1940, and that a peace treaty must be concluded before normal relations are established.

WESTERN EUROPE

6. Comment on possibility of anti-Adenauer government in Bavaria:



The Bavarian Refugee Party's announcement on 8 December that it is willing to participate in a coalition with the Social Democratic, Bavarian, and Free Democratic Parties makes it likely that the Christian Social Union (CSU)--

Chancellor Adenauer's party in the state of Bavaria--will be excluded from the new state government being formed in Bavaria following the elections there on 28 November.

The proposed coalition would be an unnatural alliance of strongly opposed economic and social interests and would not be particularly stable. Though state delegations to the federal Bundesrat, or upper house, are appointed by the state governments, formation of the proposed coalition would not necessarily mean that Adenauer would lose his control of a two-thirds majority in the Bundesrat, since the Refugee, Bavarian, and Free Democratic Parties vote with the Christian Democrats in the federal legislature. On controversial issues, however, the Bavarian delegation's vote might be undependable.

Right-wing members of the CSU have been reported opposed to re-establishment of the four-year-old coalition with the Social Democrats. The terms for a coalition proposed by the CSU have apparently not been attractive enough for the Refugee and Bavarian Parties. The Social Democrats, on the other hand, have agreed to accept a minority position in the currently proposed coalition.

