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12 May 1955



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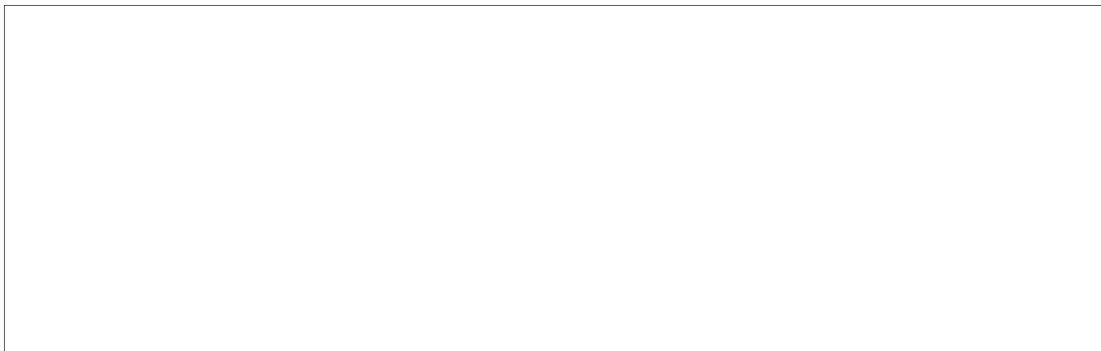
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SUMMARY

GENERAL

1. Comment on new Soviet disarmament proposals (page 3).
2. Western delegates to UN disarmament talks comment on Soviet proposal (page 3).

FAR EAST

3. Japan reported seeking quick peace treaty with USSR (page 4).

SOUTHEAST ASIA

4. Strong pro-Diem sentiment reported in former Viet Minh area (page 5).

SOUTH ASIA

5. Pakistan plans to curry favor of Afghan border tribes (page 5).

NEAR EAST - AFRICA

6. 

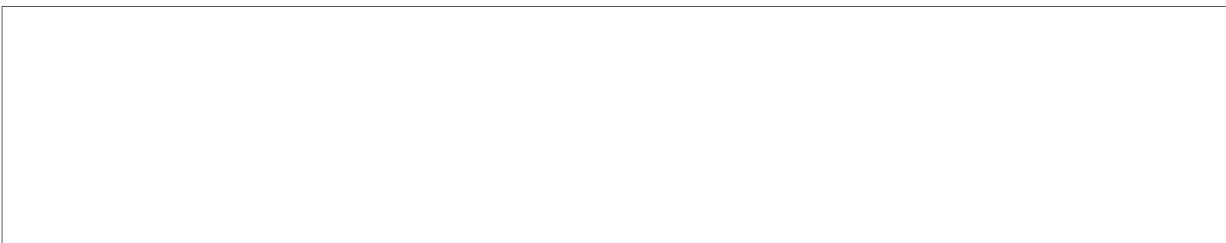
EASTERN EUROPE

7. Rumanian air force probably acquiring jet light bombers (page 7).

THE FORMOSA STRAITS

(page 8)

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GENERAL

1. Comment on new Soviet disarmament proposals:

[REDACTED] The Soviet omnibus proposal on disarmament and the reduction of tension, introduced by Ambassador Malik at the London disarmament talks on 10 May, probably represents Moscow's views on the range of subjects which should be discussed at a four-power meeting of heads of government.

The statement did not include any substantive changes in Soviet positions on basic political problems in Europe and Asia. It did, however, introduce several new features in the Soviet disarmament plan, some of which were borrowed from earlier British and French proposals and are likely to appeal to Western European neutralists and to those who fear a rearmed Germany. These concessions leave unchanged Moscow's basic opposition to any effective system of international control.

Malik's references to Germany suggest that Moscow may seek to concentrate attention on an approach featuring limitations on the armed forces of a divided Germany as part of a wider European and global security and arms limitation system.

The USSR probably anticipates an early conclusion of the London disarmament talks and a transfer of world attention to a four-power meeting "at the summit." This omnibus proposal, combining limited Soviet concessions on disarmament with adamant opposition to West German rearmament, is designed to seize the propaganda initiative and to present points at issue between East and West in terms most advantageous to the USSR. [REDACTED]

2. Western delegates to UN disarmament talks comment on Soviet proposal:

[REDACTED] Jules Moch, French delegate to the UN disarmament subcommittee, sees the new Soviet disarmament proposal as representing

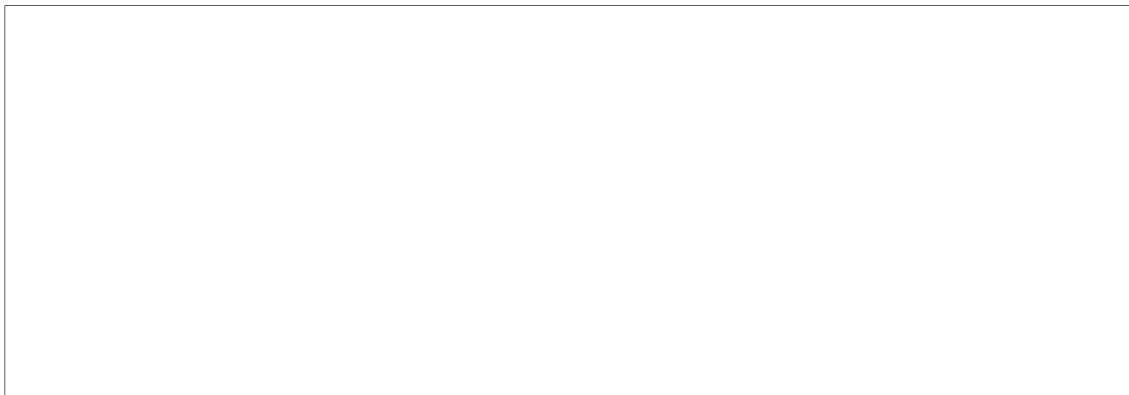
quite a change. He said he hoped the Soviet proposal represented a carefully prepared position which would not be promptly reversed.

British delegate Nutting welcomed Soviet acceptance of the idea of force levels, but noted that the proposal does not make clear where the USSR stands on the matter of controls.

American ambassador Wadsworth cautions that some aspects of the Soviet plan raise grave security considerations for the United States.

FAR EAST

3. Japan reported seeking quick peace treaty with USSR:



[redacted] improvement of commercial relations by an agreement similar to the recent trade pact with Peiping is a major Japanese objective. The Japanese, [redacted] hope to offset the deficit in their trade balance with Communist China by a triangular exchange arrangement including the Soviet Union.

Comment: The Japanese government probably feels that the weakness of its bargaining position vis-a-vis Moscow precludes making the settlement of outstanding issues between Japan and the USSR a prerequisite for a peace treaty.

A small-scale trilateral trade arrangement would be a logical development, if Japan could sell to the

USSR increased quantities of goods and services--for example, ships and ship repairs. Such an arrangement would aid Japan in balancing its trade with the Sino-Soviet bloc.

SOUTHEAST ASIA

4. Strong pro-Diem sentiment reported in former Viet Minh area:



An informal survey taken [redacted] [redacted] early this month revealed widespread pro-Diem sentiment in the area of central Vietnam now being evacuated by the Viet Minh. Those interviewed knew that Diem led the national government even though they knew nothing else about it. Comments about the premier were favorable. For these people, Diem personified one side, Ho Chi Minh the other.

In three different towns recently liberated from eight years of Viet Minh control, thousands of persons gathered in apparently spontaneous demonstrations on 2 and 3 May. Banners called on the French to go home and asked for full support for Diem and the abdication of Bao Dai.

[redacted] the Communists are badly discredited in central Vietnam for having failed to fulfill promises, for persecuting large sections of the populace, and for committing many violent acts prior to their departure. It therefore believes that the Diem government already has the support of two thirds of the people in the liberated zone.



SOUTH ASIA

5. Pakistan plans to curry favor of Afghan border tribes:



Interior Minister Mirza has said that Pakistan is taking strenuous measures to keep its military forces away from the Afghan border and to avoid armed clashes,

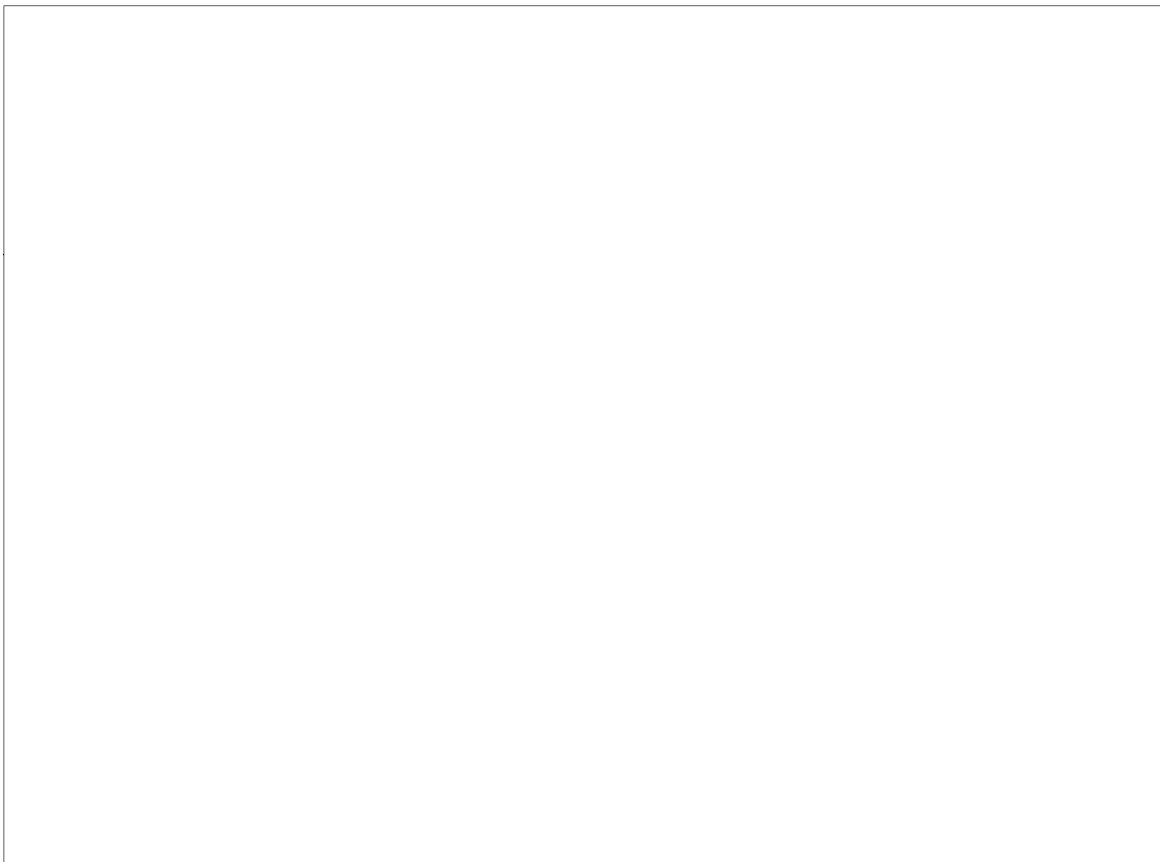


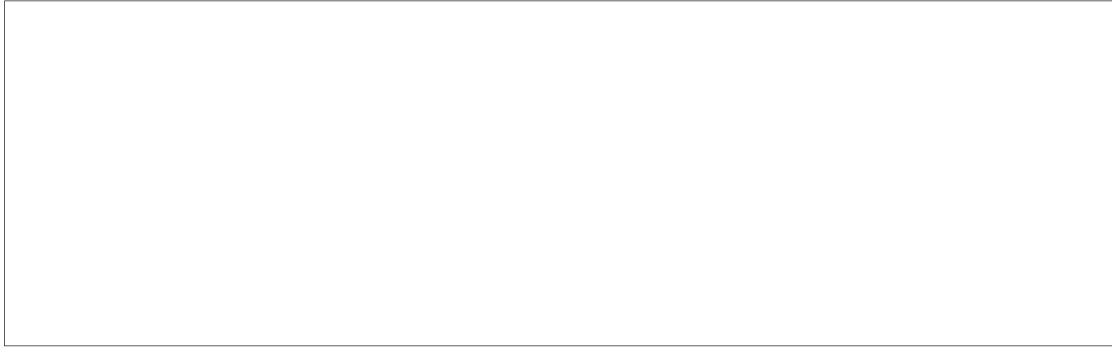
Mirza added, however, that if Pakistan closes the border after 15 May as a result of Afghan failure to make satisfactory restitution for the looting of the Pakistani embassy in Kabul on 30 March, the Pakistani government will smuggle kerosene, cloth, and food to selected tribal chiefs in Afghanistan. The government feels that distribution of these items among Afghan tribesmen will encourage them to believe that Pakistan is their friend and the present government in Kabul their enemy.

Comment: Such a maneuver would almost certainly be successful in preventing Afghan tribesmen from being aroused by Afghan government propaganda against Pakistan. They are already aware of the economic progress being made by their fellow tribesmen inside Pakistan, and have displayed little animosity toward that country in recent years.

NEAR EAST - AFRICA

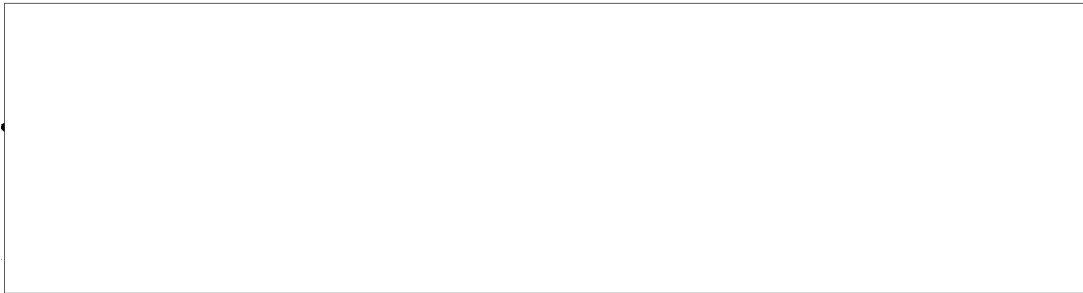
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EASTERN EUROPE

7. Rumanian air force probably acquiring jet light bombers:



Comment:


 Rumania had received two jet light bombers. Hungary and Czechoslovakia also began acquiring them early this year. Poland began receiving them in 1953, and now has approximately 75.

The authorized strength of a Soviet jet light bomber division is 96. It is assumed that a Rumanian division would be of similar size. 

WEEKLY SUMMARY
(11 May 1955)

THE FORMOSA STRAITS

Report of the IAC Current Intelligence Group
for the Formosa Straits Problem

1. Following the visit of Vice Admiral Pride and Major General Chase to Quemoy on 7 May, Chief MAAG Formosa reported that morale of the Chinese Nationalist garrison was high and improvement was noted in its general alertness and attitude during the past two months. However, the Nationalists were still centering too much effort on permanent construction to the detriment of training; the time lag for an airstrike in the Quemoy area was two hours for jets and three hours for propeller-type planes; and naval support was unsatisfactory because the local naval commander ignored the requests of the Quemoy defense commander. Operation of electronic and communication equipments was still unsatisfactory.

2. The principal Communist offensive ground action consisted of the firing of 161 artillery rounds against the Quemoy area on 5 May, possibly in retaliation for Chinese Nationalist bombing and artillery fire in the Quemoy area.

Aerial reconnaissance of East China airfields was somewhat hampered by weather during the past week. Partial observation revealed continued construction on the five previously reported airfields.

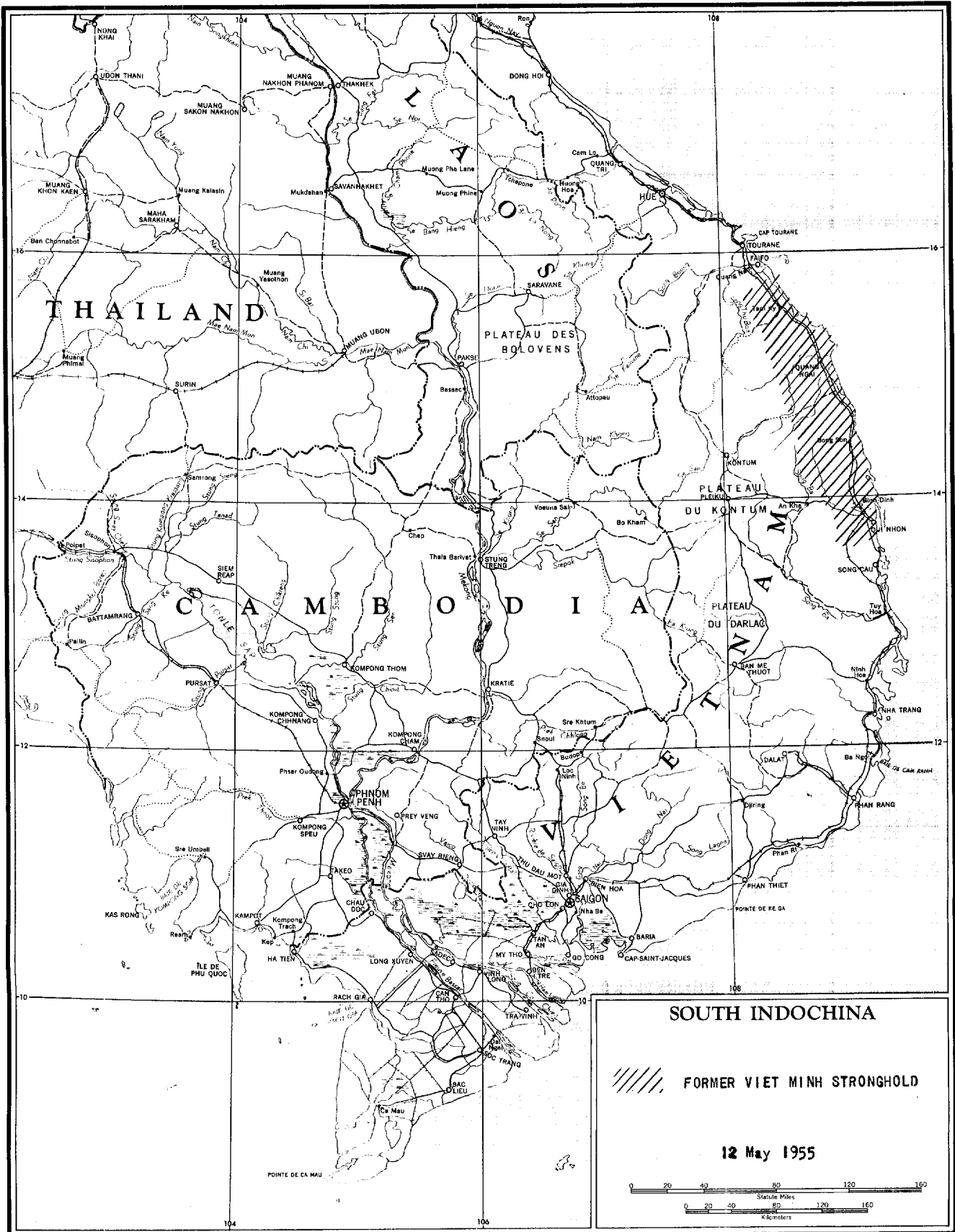
Chinese Communist PT boats recently reported in the Matsu area may be armed only with light AA machine guns. If so, the torpedo boat threat to the Nationalist navy in this area would be removed.

3. Another Chinese Communist AAA division has been tentatively accepted in the Foochow area opposite the Matsu Islands. This division is believed to have been located in the vicinity of Foochow for some time. An AAA division and a regiment were previously identified in Fukien. Photos have shown large numbers of AAA weapons in the Fukien coastal area.

4. Chinese Communist comment on the Formosa Straits situation declined in the past week. Since 4 May, Peiping has avoided discussing the topic of Sino-American negotiations, but has reiterated that the key to the Formosa problem is the withdrawal of US forces from the area. The British Foreign Office described the 9 May talk between Chou En-lai and British chargé Trevelyan as "encouraging," but released no details other than Chou's statement that he would "explain in due course" his Bandung offer of negotiations with the US.

The Chinese Communists recently opened a "Liberate Formosa" exhibit in Peiping, containing material demonstrating US "aggression" and asserting that Formosa was "Chinese territory long before Columbus discovered America." [redacted]

5. Krishna Menon, probably Prime Minister Nehru's closest foreign policy adviser, arrived in Peiping on 11 May. He recently informed the US ambassador in New Delhi that the India government is convinced of the sincerity of Chou En-lai's public proposal to negotiate with the US. The purpose of his visit is primarily to explore Communist China's position. According to Menon, his directive is to work for bilateral Sino-American talks limited to a cease-fire. However, he has a personal plan for a settlement involving an eventual trusteeship for Formosa responsible to Peiping. [redacted]



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