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Communist China's rapid rise from "semicolonial" status to economic and military stature as a great power. There is also a great deal of respect for China's economic achievement. Local opinion tends to separate the Russians as outlanders, and except for localized incidents, the pattern of Soviet activity does not evoke a sense of threat comparable to that of Communist China.

60. Some resentment against Communist China has been evidenced in Burma over the protracted Chinese border dispute and in Burma and Malaya over bloc efforts on behalf of opposition parties or dissidents. Singapore and Malaya both have been irritated by Russian tin dumping on the world market and by Chinese Communist textile dumping. On 1 October Singapore and Malaya restricted imports of Chinese textiles.

61. Outlook: The Sino-Soviet bloc's fluid and opportunistic approach within the framework of a policy of developing wider contacts and relations on all levels with the nations of the area, will probably continue. The development of sentiment that is initially neutralist, independent, and nationalist will remain the general bloc aim. Communist China and the USSR will probably bend every effort to developing a smooth implementation of the economic relationship with Cambodia as a demonstration of what neutrality can bring. Normalization of relations with Communist China should lead to an increase in Communist activity in Cambodia. At no time in recent Lao history has the government been more pro-Free World in its foreign policy. Nonetheless, Communist influence is still increasing domestically although at a somewhat slower rate. The bloc is likely to make little progress in South Viet-Nam unless political unrest should develop and disturb the tenure of President Diem. President Diem is now anticipating a sharp upsurge in Communist guerrilla activity and terrorism in South Viet-Nam. Thailand and Malaya will probably continue to pursue policies of minimal relations with the bloc, although in the former there are a few indications of a softening toward the bloc. The trend toward the left in Burma has been abruptly terminated by the accession of General Ne Win and for the duration of his premiership, Communist influence should diminish. Communist China's economic offensive in Malaya and its appeal to the large Chinese minority there--38 percent of the population--will probably result in an increase of unofficial Chinese Communist influence.

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