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SOUTHEAST ASIA

1. Thai premier lukewarm over close co-operation with Burma:

[redacted]

The Thai deputy foreign minister has informed the American embassy in Bangkok that Premier Phibun desires to maintain friendly relations with the

Burmese people, but not necessarily with their present government. Moreover, the premier views sympathetically the pleas for assistance from both Karen insurgents and Chinese Nationalist guerrillas in Burma.

Comment: The Thais have been aiding both the Karens and the Chinese guerrillas in the belief that they would serve as a buffer between Communist China and Thailand.

There has been a Thai-Burma rapprochement during the past year, but this report indicates that Bangkok is not sanguine about this development. Thai suspicions of the Burmese may well be rekindled at the Afro-Asian conference, where Burma is likely to be ranged more often than not on the side of Peiping in opposition to Thailand.

WESTERN EUROPE

2. CSC president Monnet reported offering plan for European atomic energy 'pool':

[redacted]

A proposal for the immediate formation of a "European Atomic Energy Community" will be included by Jean Monnet, president of the European Coal-Steel

Community, in the "declaration of principles" he plans to issue when he leaves his present post, [redacted]

[redacted] The proposal will suggest that the six governments of the Community pool their atomic knowledge, research facilities, and materials under a supranational 'atomic high authority.'

Monnet is said to believe that the formation of such a pool is essential if Europe is to compete in the atomic field. The Monnet "declaration" will reportedly also call on France and West Germany to sign a pact committing them to an irrevocable joint policy of building a "United States of Europe."

Comment: Monnet informed the six governments last fall that he would not seek renewal of his term as president when it expired in February, but he is remaining in office pending agreement on his successor.

There have been other reports that Monnet will attempt to obtain from the member governments a commitment in principle to expand the scope of the Coal-Steel Community. American observers in Luxembourg have suggested that transportation would be the most likely field for any expansion of Community authority. Monnet, however, might well be more interested in the dramatic aspects of an "atomic pool" proposal. [redacted]

3.

LATE ITEM

4. USSR rumored to want neutral belt in Europe:

Comment: There has been Western press speculation recently that Moscow desires a neutral belt in Europe. Moscow may be propagating this line in order to encourage West German hopes for unification and thus discourage support for rearmament.

Moscow's recent moves to encourage the belief that it would sign a treaty for a neutralized Austria also appear intended to stimulate German interest in neutralism.

THE FORMOSA STRAITS**Report of the IAC Current Intelligence Group
for the Formosa Straits Problem**

This report is based on information received in Washington up to 1100 hours 29 March 1955.

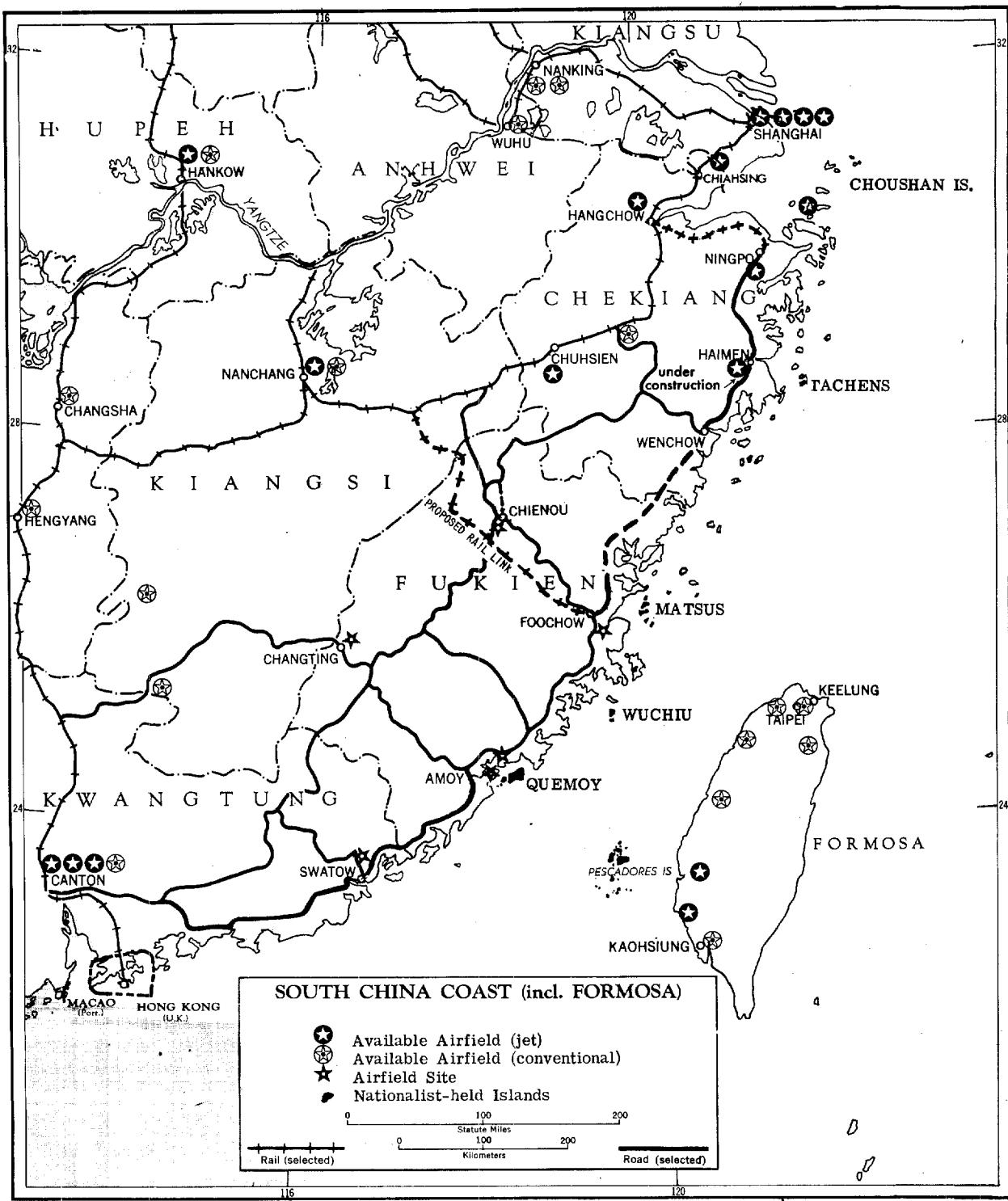
1. The Formosa Straits area has remained quiet. Weather prevented reconnaissance of airfields other than Swatow.

2. Chinese Nationalist reconnaissance of Swatow Airfield on 28 March revealed no change in its status and no indication of recent rehabilitation work. Swatow has one concrete runway 4300 feet by 160 feet and a gravel strip 3800 feet by 330 feet. In January, some repair work was done on the main runway, but there has been no detectable rehabilitation work recently. At present the site is little more than an emergency field, though it could be made capable of sustaining limited jet fighter operations within ten days.

3. As previously reported, the announced Soviet plan to evacuate the Port Arthur area by 31 May might involve reassignment of Soviet aircraft there to the Chinese Communists. Transfer of all Soviet aircraft in the area would represent a gain to the Chinese Communist Air Force of as many as 103 IL-28's and 306 MIG-15's. This would increase Communist China's jet bomber strength by 70 percent and its MIG-15 strength by about 40 percent.

4. In an interview requested by the Indian ambassador, Molotov on 25 March backed Peiping in rejecting any conference on the Formosa problem that included Nationalist China in any way. However, Molotov expressed a desire that exploratory talks continue among the USSR, Britain, and India.

Molotov's remarks reflect the two facets of recent Soviet policy on Formosa: a determination to support the Chinese Communist position politically to the utmost; and a desire to show an interest in negotiations on the question without changing any of the essentials in the Communist position. The current quiescence of both Moscow and Peiping on the Formosa question may be related to the Asian-African conference next month, at which the Communists apparently intend to stress peaceful coexistence.

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