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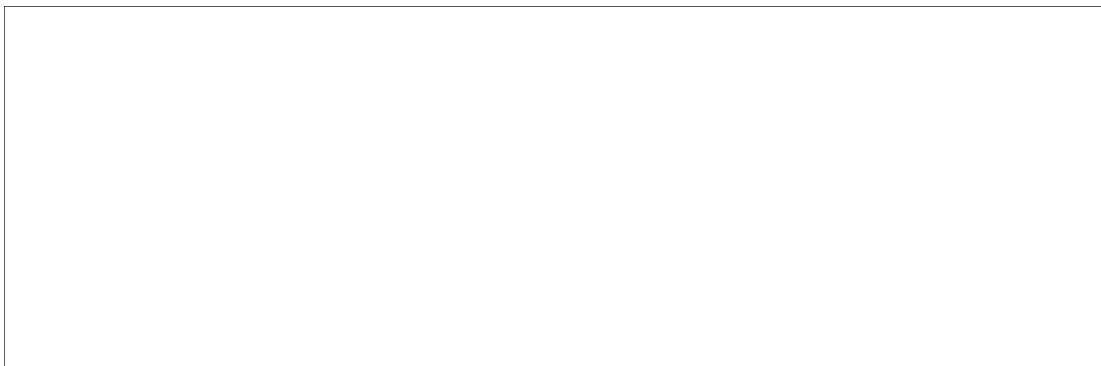
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

~~TOP SECRET~~

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SOVIET UNION

1. Communists hint Soviet troops will remain in Hungary and Rumania:

Hungarian foreign minister Boldoczki told the Swedish minister on 27 April that because of the ratification of the Paris accords, "our defense people will probably find it necessary to request the Soviet government to permit troops to remain" even after an Austrian treaty is concluded. Deputy Foreign Minister Sik, however, separately expressed the opinion that they would be withdrawn.

Comment: Establishment of the united Soviet bloc command foreshadowed by the Moscow conference of bloc leaders last December would result in closer military co-operation between the Soviet Union and its allies than exists at present and would provide justification for maintaining Soviet troops in the Satellites.

SOUTHEAST ASIA

2. Communists reassure Thais at Bandung conference:

During the Afro-Asian conference, Viet Minh foreign minister Pham Van Dong agreed "in principle" to the repatriation of Vietnamese refugees from northeast Thailand to North Vietnam.

Dong indicated willingness to send a mission to Bangkok to negotiate details whenever the Thai government is ready.

Chou En-lai had assured [redacted] no fear of the Thai autonomous area in southwestern Yunnan or of former premier Pridi Phanomyong-- who was now permitted "only political asylum" in Peiping. Chou, moreover, indicated willingness to negotiate on the nationality status of the Overseas Chinese in Thailand along the lines of the Sino-Indonesian treaty signed at Bandung.

Comment: Full implementation of Dong's agreement would deprive the Viet Minh of a potentially valuable fifth column in Thailand. The Viet Minh may hope, however, that an attitude of co-operation on the refugee problem will pave the way for Thailand's recognition, as well as make possible the purchase of badly needed rice.

Chou's conciliatory gestures at Bandung on issues particularly sensitive to Bangkok are reported to have had a highly favorable effect on Prince Wan.

3. Comment on the situation in Saigon:

The chief immediate problem facing Vietnamese premier Diem is the political opposition of the French and Bao Dai. He apparently has no present intention of responding to Bao Dai's convocation of a "peace conference" on the Riviera on 5 May, but might reconsider if he believed his power sufficiently consolidated.

The French authorities in Saigon have reportedly decided to "recognize" General Vy, Bao Dai's new military plenipotentiary, who is considered anti-Diem, as commander of the Vietnamese army. By such a move, the French may be preparing justification for withholding supplies from the army on legal grounds.

[redacted] a strong current of revolt against Bao Dai and hostility toward the French is evident in Saigon. If Diem is in some way forced to compromise with the French and Bao Dai, a strong possibility exists that other nationalist leaders in Diem's camp will appeal for open revolt against Bao Dai, even at the risk of fighting the French Expeditionary Corps.

For his part, Diem is continuing efforts to assemble a new cabinet. A tentative list of members indicates an intent to meet some of the criticism which has been brought against him. In the prospective line-up, Diem himself holds no

portfolios, no post is held by a practicing Catholic, and about half the members are Cochinchinese.

SOUTH ASIA

4. Indian Foreign Ministry evaluates Afro-Asian conference:

The Indian Ministry of External Affairs, evaluated the recently concluded Bandung conference. The ministry bluntly stated that Iraq, Iran, Lebanon, Pakistan, the Philippines, Thailand and Turkey "completely and unequivocally identified themselves with American policies."

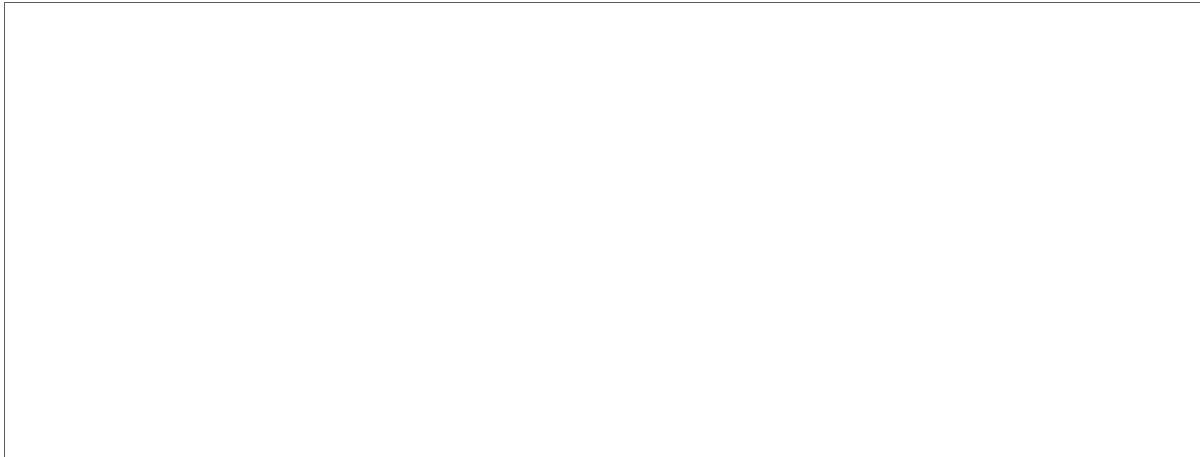
Some attending pro-Western countries supported the unwillingness of South Vietnam to have private discussions with North Vietnam.

The ministry noted that it was the Ceylonese premier "who first expressed the so-called new concept of colonialism" and that he was very eloquent in his criticism of East European countries. Syria took a neutral stand and generally sided with India and Burma. Afghanistan "played a useful part in the discussions and followed a policy of independence and nonalignment generally."

Chou En-lai made an "excellent impression on all delegations," and it was mainly due to his "patience, tact, and earnestness" that unanimity was achieved on the resolutions regarding colonies and dependent peoples.

Comment: Despite the gratification expressed over the conference's ability to reach unanimous decisions, this indicates India's irritation over developments at Bandung. The ministry's readiness to blame American influence suggests that New Delhi may pursue an even harder line in its future relations with the United States.

NEAR EAST - AFRICA

5. Lebanon seeking Syrian participation in Turkish-Iraqi pact:

Comment: Chamoun and Syrian prime minister Asali met in Beirut on 15 April, apparently at Chamoun's invitation. They probably discussed both the Turkish-Iraqi and the proposed Egyptian-Saudi Arabian-Syrian pacts. It is unlikely, however, that Chamoun succeeded in persuading Asali to work toward Syrian adherence to the Baghdad pact. Additional talks may be planned, but in the present circumstances there is little prospect of success.

Lebanon wants to join the Turkish-Iraqi pact. If it could thereby obtain American military assistance, it probably would join despite Syrian, Saudi Arabian and Egyptian opposition.

WESTERN EUROPE

6. Young Communists reportedly ordered to incite May Day disturbances in Berlin:

Members of the Communist Free German Youth (FDJ) throughout Berlin reportedly have been ordered to incite disturbances at the May Day rally of the West Berlin trade unions. The rally is to be held in the American sector, approximately two miles from the Soviet sector.

American army officials in Heidelberg comment that recent Communist performance indicates that the FDJ does not have the capability for causing a major incident.

Comment: In view of the current harassment campaign by the East Germans against West Berlin, the Communists may make an effort to disrupt the West Berlin trade union rally despite their limited capabilities.

7. Comment on Gronchi's election to Italian presidency:

The election on 29 April of Giovanni Gronchi, 67-year-old Christian Democratic president of the Chamber of Deputies, as president of Italy is a severe blow to the prestige of Premier Scelba and the present center coalition government. It may presage the formation of a new coalition somewhat to the left of Scelba's.

Gronchi, who was elected on the fourth ballot at a joint session of parliament, received 658 votes out of a possible 843.

As the leader of the extreme left wing of the Christian Democratic Party, Gronchi represents those who favor a government "opening to the left." He has been a consistent advocate of Christian Democratic collaboration with all "democratic" factions, in which he would include the Nenni Socialists. All indications are that he is anti-Communist. Last November he told American embassy officials that the way to reduce Communist strength in Italy is to take the offensive with a more vigorous and far-reaching reform program.

The Scelba government will submit its resignation on 12 May when the new president takes office. In view of Scelba's personal opposition to Gronchi's election, it is probable that the resignation will be accepted.

LATIN AMERICA**8. Coup or revolution could occur in Ecuador "any day":**

[Redacted] Either a move by President Velasco to establish a dictatorship or an attempt by certain army units to overthrow Velasco in favor of former defense minister Varea could occur "any day," [Redacted]

The Varea group is said to be convinced Velasco's alleged plan will fail for lack of solid army support, and to hope the president will act first so that he will be thoroughly discredited. In any case, however, this group plans to act by 18 May.

Comment: [Redacted]

[Redacted] that Velasco has considered steps to prevent Congress from convening in August as scheduled in order to prevent official inquiries regarding graft and corruption on the part of his cabinet members. Velasco has, however, ruled by constitutional procedures and has conditioned virtually every move on the consent of the military. It appears unlikely that he would attempt to establish a dictatorship at this time.

According to all indications, Varea has few influential friends left among the armed forces. In recent months, however, he has been involved in plotting against the regime, and he might provide a rallying point for disaffected elements.

9. Argentine tension over church-state dispute increases:

[Redacted] The possibility of incidents in Buenos Aires during the May Day week end, when President Peron will address Congress and speak in the Plaza del Mayo, has been pointed up by the police discovery on 27 April of a home-made bomb, according to the American embassy. The bomb exploded while being dismantled by the police.

Discovery of the bomb has added to uneasiness generated by opposition and Catholic-inspired rumors predicting that the government would "discover" a fabricated plot and use it as the basis for more stringent moves against the church.

Comment: Tension over the church-state dispute has been mounting. The possibility of incidents in connection with the dispute is increased by the desire of some politicians on both sides to exploit the situation. A few elements, including the Communists, would like to provoke violence.

Two years ago the explosion of two bombs at a mass meeting resulted in considerable rioting and was promptly followed by a brief renewal of an anti-American line in Argentine government propaganda.

THE FORMOSA STRAITS

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

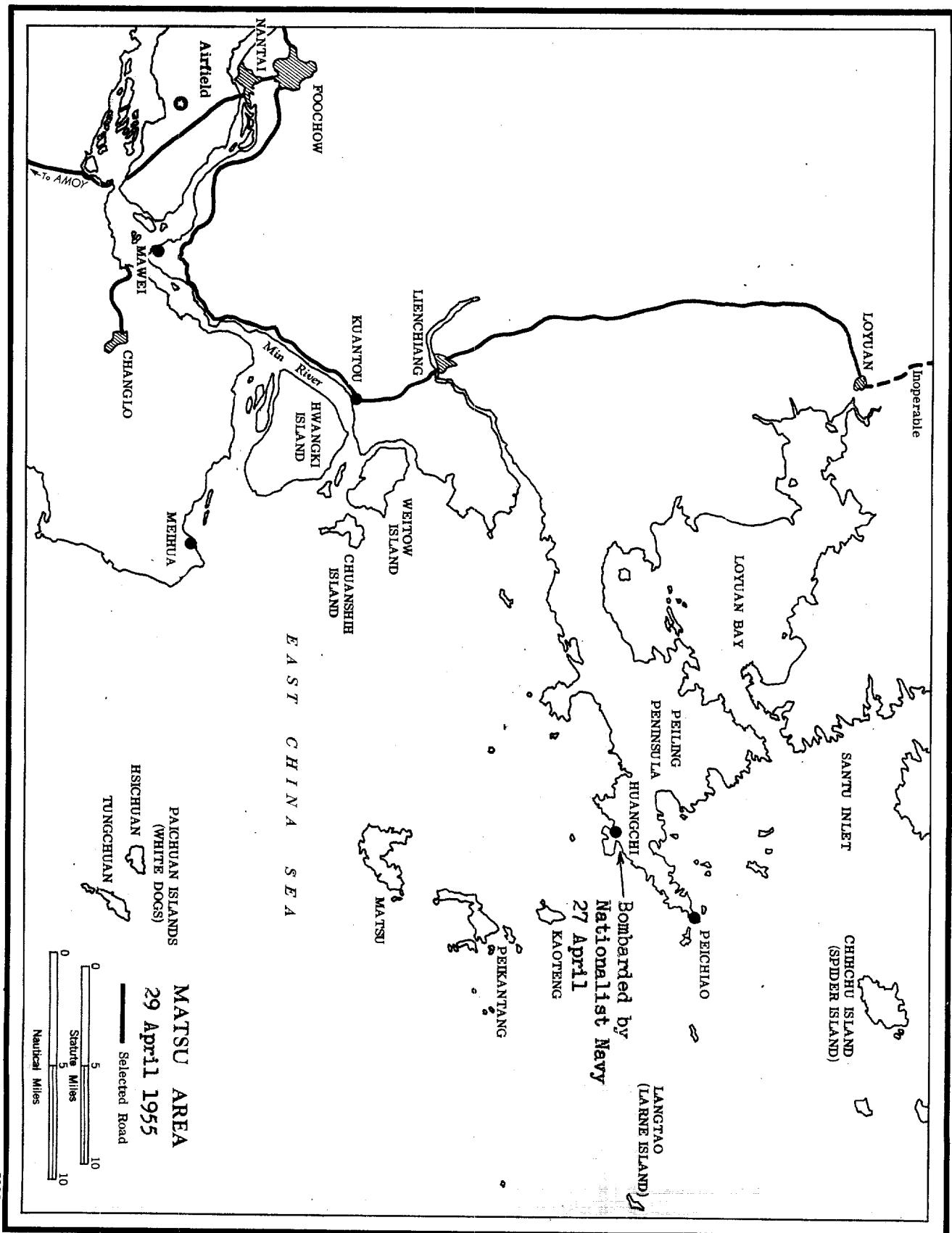
This report is based on information received in Washington up to 1100 hours 29 April 1955.

1. Chinese Communist submarine strength has been increased from five to seven submarines. The two additions, first observed in March 1955, are both Soviet long range types. The five boats previously accepted were two long range types and three short range types; one of the latter is believed nonoperational. These seven boats, representing transfers from the Soviets, are based at Tsingtao and are believed manned by Chinese crews. The six operational boats have the capability of conducting war patrols in the China coastal area. [redacted]

2. The presence of a Communist PT unit of three to five boats in the Matsu area has been indicated by the sighting of this type craft there three times in the past four days. This would be a logical Chinese Communist reaction to the Nationalist interdiction patrol north of the Matsus. This Nationalist patrol has been maintained each night by patrol craft, joined occasionally by a destroyer and two DE's. No interceptions have been reported, although Communist logistic activity at dawn and dusk continues. On 27 April the destroyer and two DE's bombarded the Huang Chi area of the Peiling Peninsula; 166 rounds of 5" were fired and flames and explosions were reported.

Prior to the Ichiang assault the Chinese Communists had deployed PT boats in the Tachen area, which sank a Nationalist DE and a motor gun boat. The excellent performance of the Communist PT boats in these engagements posed a threat which restricted Chinese Nationalist naval operations in that area thereafter. Aggressive employment of PTs in the Matsu area could similarly disrupt Nationalist naval support of the Matsus. [redacted]

3. Chinese Communist comment continues to affirm Peiping's position that the Formosa situation is both an "internal" and an "international" question. It implies a Chinese Communist position that the status of Formosa is not negotiable, that there is no need for a cease-fire, and that the only matter to negotiate is a US withdrawal from the area. Meanwhile, Pravda has given its seal of approval to Chou En-lai's 23 April statement on Formosa. [redacted]



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CHINA - FORMOSA SITUATION

Nautical miles 0 50 100 150
 Statute miles 0 50 100 150

Selected road
 Railroad
 Proposed railroad

PRIMARY
SECONDARY

- ▲ OPERATIONAL
- ▲ SERVICABLE
- ▲ UNKNOWN
- ▲ OTHER

USEABILITY

- + MIG-15, MIG-17, TU-4, IL-28
- TU-2, IL-10, LA-9/11, IL-2, etc.
- unknown
- * Fields not considered capable of supporting sustained operations at present.

★ NATIONALIST AIRFIELD

DESIGNATIONS

- PRIMARY: considered most important in area, with prepared runway generally 5000 feet or longer.
- SECONDARY: auxiliary or emergency bases, or fields of lesser importance - runways generally less than 5000 feet.
- OPERATIONAL: consistently used by military & civilian aircraft.
- SERVICABLE: capable of use by aircraft.
- UNKNOWN: current status undetermined.
- OTHER: under construction, abandoned, or unserviceable.

