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SUMMARY

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SOUTHEAST ASIA

1. Comment on truce extension in Saigon:

The truce extension to 12 April, which Premier Diem accepted at the urging of General Collins, still leaves unresolved the basic dispute between the government and the Binh Xuyen rebels.

Diem remains determined to remove Lai Van Sang, a leading Binh Xuyen figure, from the position of director general of national police. General Collins concurs, but General Ely is opposed on the ground that such action might provoke "civil war." The French have failed to point out, however, why the problem of a gangster-controlled police force can be more satisfactorily resolved at some future time. The Diem government will continue to lose face so long as it is prevented from meeting the Binh Xuyen's challenge.

Ely now agrees with Collins that joint French-American pressure on Bao Dai to support the removal of Sang would be a constructive move. Previously the French had insisted that Diem and his opponents, including the Binh Xuyen gangsters, be treated as equals.

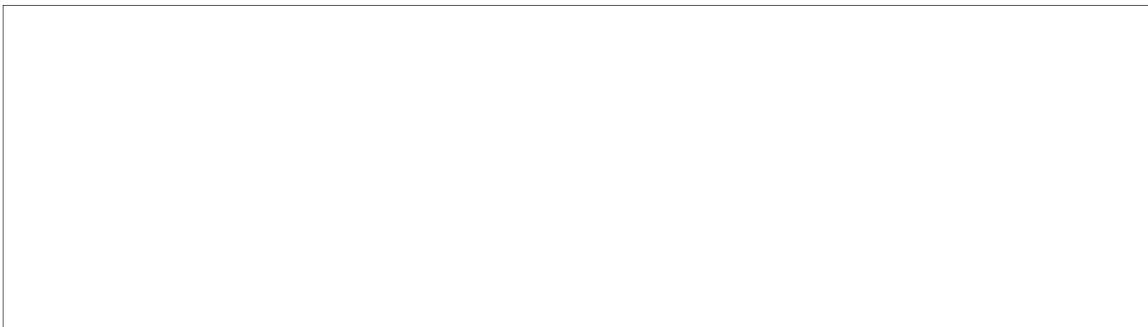
2. Vietnamese premier reported seeking closer ties with India:

Diem was said to have informed India that such a development was necessary in connection with his desire to make Vietnam a "democratic and socialist state."

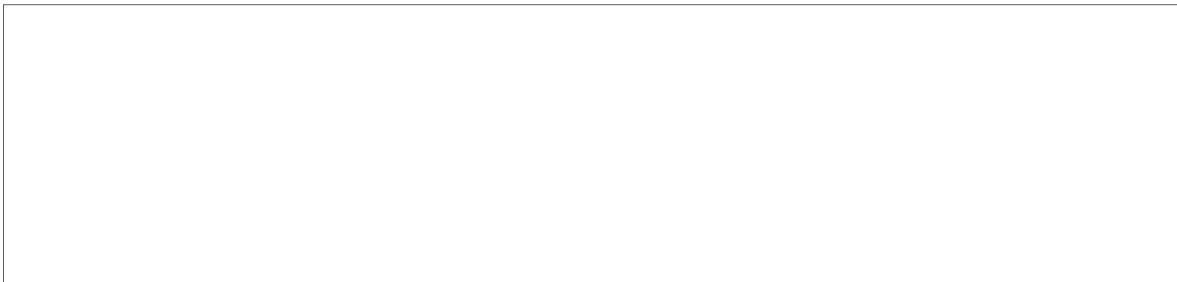
Comment: Each of the Associated States seeks the support of India not only because of its chairmanship of the International Control Commission but also because of its position as a leading non-Communist power in Asia.

Statements of Nehru and other Indian officials suggest that New Delhi considers Laos and Cambodia within the Indian sphere of influence. The Indians' tendency to regard Ho Chi Minh as the authentic voice of Vietnamese nationalism, however, suggests that they would do nothing to prevent Vietnam's falling within Communist China's sphere.

3. Indonesian dissident group reportedly plans operations during Afro-Asian conference:



Comment: Although either political or military activity by the fanatical Darul Islam could be embarrassing to the Indonesian government, it would be unlikely to affect the outcome of the conference.



NEAR EAST - AFRICA

4. Israel seeks top-level meeting with Egypt:



Israeli prime minister Sharett asked Ambassador Lawson on 4 April to request the American government to arrange a discussion

between "top-level Egyptian and Israeli representatives" on the Gaza border situation. Sharett said that the Israeli cabinet had held an extraordinary meeting earlier in the day to consider the intolerable situation in the Gaza area and a request to the United States to persuade Egypt to stop its "provocative border actions."

Sharett added that defensive action by Israeli forces will be taken if provocative border incidents inspired by Cairo continue, and that Israeli military patrols are in this area to protect settlers and will not be withdrawn.

Comment: Despite Sharett's assurance to Lawson that the proposed discussions would deal only with the Gaza situation, Egypt would probably refuse to meet with Israeli officials for fear that such talks would be used by Tel Aviv to promote an over-all peace settlement. Cairo is more likely to insist that all contacts between the two governments on this question be kept within the framework of the UN Mixed Armistice Commission.

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 6 April 1955.

1. Analysis by USAF interpreters of photographs taken on 4 and 5 April reveals that work is progressing on two major air bases and that the newly constructed airfield at Luchiao is operational.

A completely new airfield, which probably will have a concrete runway 6220 by 240 feet, is under construction at a site six miles northeast of Swatow. Present information is insufficient to estimate its time of completion. Construction of this new field indicates that Swatow airfield, which is still unserviceable, will be abandoned.

At Nantai near Foochow, 35 miles from the Matsus and 100 miles from Taipei, major construction activity is proceeding on a concrete runway 6000 by 100 feet. Taxiways and revetments are being repaired and various buildings are under construction. It is estimated that the runway will be serviceable by early June if construction activity continues at its present rate. (The extent of this new construction requires revision of previous estimates that Nantai could be made serviceable in 5 to 10 days. These were based on the assumption that only essential repairs would be made to the existing 4200-foot water-bound rock runway.)

The photographs confirm the occupation of Luchiao airfield. The photographs showed 41 jet fighters present on 4 April. The field has a concrete runway 6200 by 205 feet, parallel taxiway and alert aprons at either end of the main runway. The photographs also revealed 31 revetments and a POL area with partially buried tanks.

Initial evaluation of these developments indicates a Chinese Communist intention ultimately to establish a coastal chain of modern air bases. [redacted]

[Redacted]

3. Chinese Communist propaganda has again charged that the US is planning to involve the British Commonwealth in 'its war of aggression against China.' It denounced suggestions that Britain might support the US in its Formosa policy if the Nationalists would withdraw from the coastal islands, asserting as usual that tension "would be instantly eased" if the US would withdraw its armed forces from Formosa, the Pescadores, coastal islands, and the Formosa Straits.

4. A summary of Formosa Straits Reports for week ending 6 April is attached.

WEEKLY SUMMARY**FORMOSA STRAITS REPORT
(6 April 1955)**

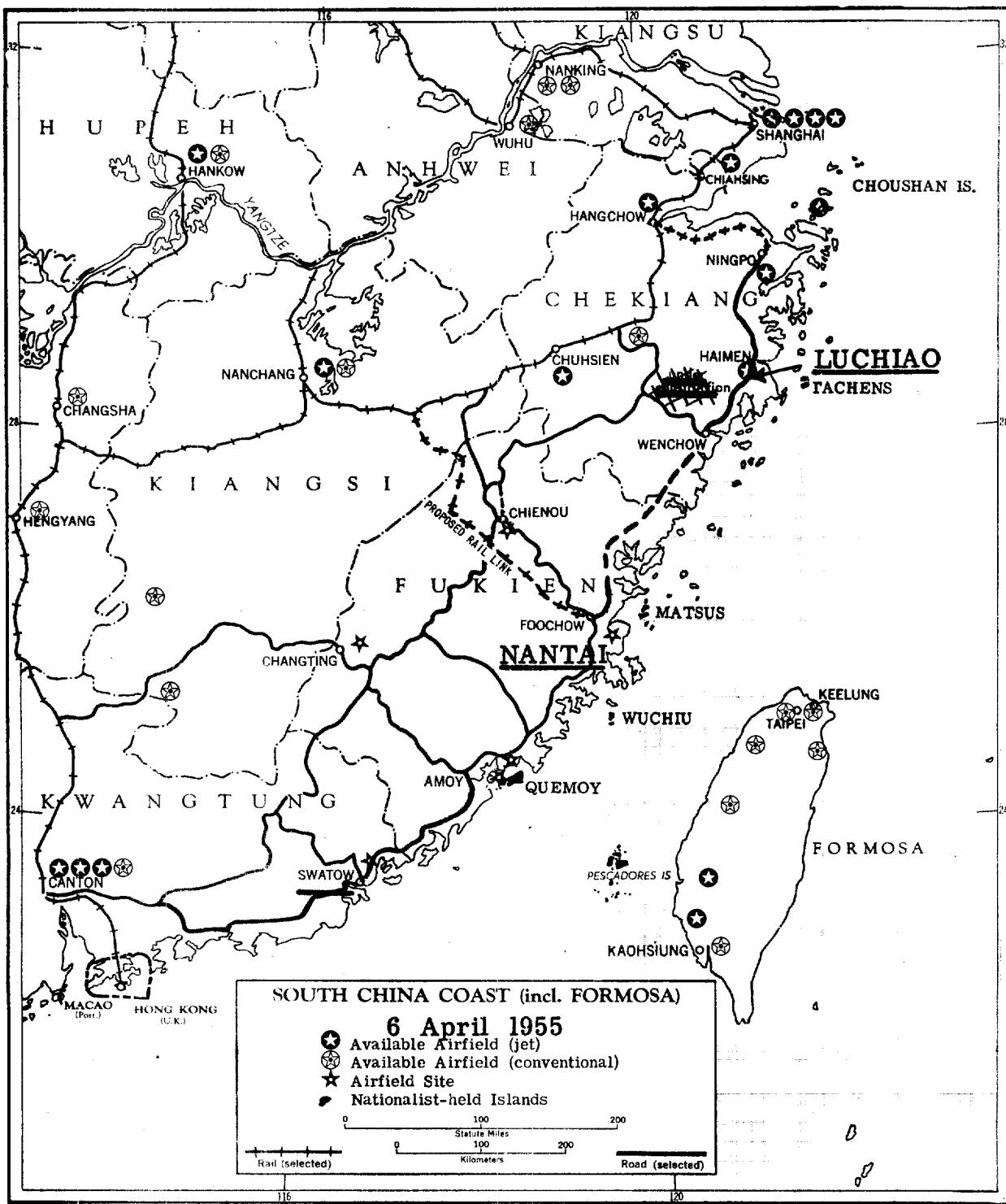
1. No significant military operations occurred during the week, bad weather being the general rule in the area.

2. What appeared to be a significant Chinese Communist sealift capability reported massing along the coastal area opposite the Matsus was unsubstantiated by subsequent reports. The only naval redeployment was a minor increase in small craft and the acceptance for the first time of two LST's in the Foochow area.

3. Chinese Nationalist defenses in the Matsu Area Defense Command continued to improve. If the present rate of improvement can continue for 30 days more, the garrison should be able to give a good account of itself. The Chinese Communists will remain capable, however, of seizing the Matsus against Nationalist opposition alone.

5. Two significant Chinese Communist air force developments were revealed during the week by interpretation of aerial photography: a) Nanchang New airfield, previously considered a training field and assembly site for Soviet-furnished trainer aircraft, is revealed as a modern well-equipped air depot. Until now no installation of this type, essential to the conduct of sustained air operations, has been known to exist this far south; b) construction is underway on what may be a strong chain of modern air bases along the coast. Photography reveals concrete runways in excess of 6000 feet, along with other construction, completed or in progress at Luchiao, Nantai and a new airfield site six miles northeast of Swatow.

Chinese Communist comment on Formosa and the offshore islands has continued to follow standard lines reaffirming the intention to "liberate" all Nationalist-held territory.

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