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SUMMARY

FAR EAST

1. Moscow proposes London or Geneva as site for negotiations with Japan (page 3).

SOUTHEAST ASIA

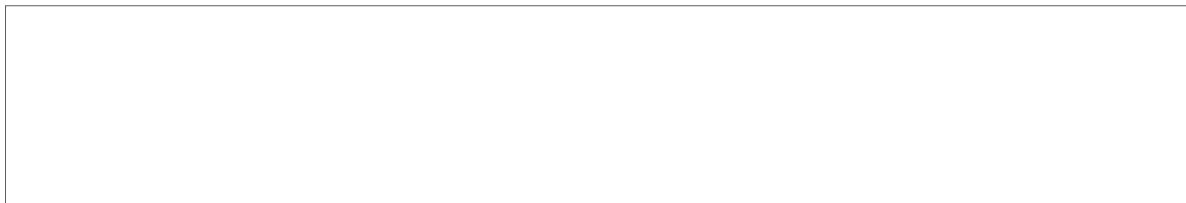
2. French army co-operating with Binh Xuyen rebels in Saigon (page 3).
3. India encourages Cambodian neutralism (page 4).

NEAR EAST - AFRICA

4. Shah proposes Washington for Middle East defense talks (page 5).

THE FORMOSA STRAITS
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FAR EAST**1. Moscow proposes London or Geneva as site for negotiations with Japan:**

The Soviet Union has proposed either Geneva or London as the site for talks on the resumption of relations with Japan. Former Japanese ambassador to London Matsumoto, who gave Ambassador Allison a copy of Moscow's latest note, said he would be the chief negotiator at the talks, which Foreign Minister Shigemitsu now hopes will be held in London.

Comment: This Soviet reply suggests that Moscow has given up any hope of utilizing the unrecognized Soviet mission in Tokyo as its agency for negotiations.

The Japanese Foreign Ministry has wanted the talks held away from Tokyo in order to minimize the influence of Prime Minister Hatoyama and his opportunistic approach to foreign affairs. Matsumoto, a career diplomat, is friendly to the West and is on good terms with both Foreign Ministry officials and Hatoyama's close advisers.

SOUTHEAST ASIA**2. French army co-operating with Binh Xuyen rebels in Saigon:**

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A United States Information Service officer who visited Binh Xuyen headquarters on 18 April observed a French captain who was apparently assigned there. During this visit a Binh Xuyen spokesman said that a Viet Minh offer of assistance had been refused since "we are always anti-Communist fighters."

Comment: These reports tend to bear out earlier allegations by pro-Diem sources of French collusion with the Binh Xuyen. Colonel Savani is the French military intelligence expert on the sects. He has often been accused by pro-Diem sources of organizing action by the sects against the government.

3. India encourages Cambodian neutralism:

Comment: India's attempts to draw Cambodia into its neutralist sphere have been reflected not only in difficulties raised in aid negotiations between Cambodian and American authorities, but also in Prince Sihanouk's attitude at Bandung. Sihanouk stated there that his country had definitely aligned itself with "the community of neutral nations, including India and Burma."

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While India has indicated it is not enthusiastic about assuming responsibility for military training in Cambodia, it apparently would do so to keep such activities in Asian hands.

NEAR EAST - AFRICA

4. Shah proposes Washington for Middle East defense talks:

The Shah has suggested that the military staff talks with Turkey, Pakistan and Iraq which he tentatively proposed in mid-March be held in Washington in the near future, according to Iranian acting prime minister Entezam. The Shah's decision to go ahead with area military planning is based on favorable replies to the March proposal.

The declared purpose of the discussions is to make a joint estimate of the requirements for regional defense. Washington was suggested by the Shah because he considers it easier to assure secrecy there than elsewhere.

Comment: The three countries invited will probably accept the Shah's suggestion.

Turkey has expressed the belief that Iran should commit itself politically by joining the Turkish-Iraqi pact before starting joint military planning. The Shah, however, maintains that Iranian adherence to this pact is impossible at present. Under these circumstances, it is unlikely that any military plans involving Iran will emerge.

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 19 April 1955.

1. No significant activity has been reported.