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ED

14 December 1954

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[REDACTED]
Copy No. 30

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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 40
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 7/1/80 REVIEWER: [REDACTED]

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Office of Current Intelligence

DIA and DOS review(s) completed.

CENTRAL INTELLIGENCE AGENCY

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Approved For Release 2004/12/21 : CIA-RDP79T00975A001800390001-9

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GENERAL

1. East Germans reported planning post-ratification measures against West Berlin:

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the Political Section of the East German Ministry of Transport conferred in early December on propaganda activity to be carried out within the next few weeks, as well as measures to be taken against West Berlin after the ratification of the Paris agreements in the spring of 1955.

These measures are reported to include sharply increased border controls between West Berlin and East Germany and between East and West Berlin, and the curtailment of elevated train service between the two sectors. There might also be interference with rail and road traffic between West Berlin and West Germany, possibly affecting Allied military trains. Eventually the East Germans may attempt to force the Western powers out of West Berlin on the grounds that their presence in the city is based on the Potsdam Agreement, which will become invalid when West Germany is remilitarized.

Comment: This report is another indication that before ratification of the agreements the Communists are planning to concentrate for the most part on propaganda.

After ratification the USSR would probably authorize East Germany to take measures to assure its internal security, such as increased border controls, interference with German rail and road traffic, and severance of the elevated service between East and West Berlin. It would not be likely, however, to risk hostilities by permitting efforts to force the Allies out of Berlin or interference with Allied traffic.

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FAR EAST

2. Plans of new Japanese government outlined:

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Plans of the new Japanese government, as outlined by Shinsuke Kishi, secretary general of the Japan Democratic Party, emphasize continued co-operation with the United States. Kishi asserted to Ambassador Allison on 11 December that statements on normalizing relations with the Communist nations were "mostly talk."

Kishi said that economic stabilization and revision of the constitution, including the antirearmament clause, were the government's two most important tasks. In order to make the constitution "truly a Japanese document," his aim was to stress Japanese "virtues, and give the emperor great prestige and position, without political power." The government also intends to take measures to meet the threat of internal Communist subversion.

Kishi said that the Diet would be dissolved in January and predicted that the Socialists would gain 20 seats in the ensuing elections.

Comment: The expected short tenure of the Hatoyama cabinet largely restricts any early alteration of Japan's basic policies. Kishi's remarks suggest that the Democratic Party intends to honor its commitment to dissolve the Diet. Thus statements of the new government's leaders probably are designed for the coming political campaign.

A gain of 20 seats by the Socialists would give the leftists more than one third of the lower house and enable them to block any proposed constitutional amendment on rearmament.

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SOUTHEAST ASIA

3. Comment on communique of Chinese Communist and Burmese premiers:

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The joint communique issued on 12 December by Premiers Chou En-lai and U Nu indicates that Peiping has gained new opportunities to increase its influence in Burma while avoiding commitments on political matters highly important to Rangoon.

According to this communique, Communist China agreed to import from 150,000 to 200,000 tons of Burmese rice annually between 1955 and 1957 in exchange for "such industrial installations and equipment, as well as articles of daily use, as China could supply." The two premiers also favored inauguration of a Sino-Burmese air service, restoration of Sino-Burmese highway traffic, and the establishment of consulates general. These provisions appear to be Burmese concessions to induce Peiping, a rice exporter, to take Burmese rice. In any event, they will facilitate Peiping's further interference in Burma's internal affairs.

On sensitive political matters, the Communists continued to be evasive, following the precedent set by Chou when he visited Rangoon last June. The communique merely reiterated mutual adherence to the "five principles" of nonaggression and stipulated that such problems as the status of Overseas Chinese in Burma and delimitation of the Sino-Burmese frontier should be settled "through normal diplomatic channels." Moreover, Nu also failed to obtain Peiping's repudiation of the insurgent Burma Communist Party.

The American embassy in Rangoon considers Nu's visit a major Chinese Communist propaganda victory as his grandiloquent praise of the Mao regime went "far beyond the demands of either courtesy or coexistence." Moreover, the Burmese leader went out of his way to assure the Chinese of his country's continuing good will, stressing Burma's inability to interfere in China's affairs since such action would be similar to that of a "small goat wandering aimlessly amidst elephants." (Concurred in by O/RR)

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NEAR EAST - AFRICA

4. Israeli seizure of Syrian airliner seen as retaliatory act:

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The forcing down of a Syrian Airways plane by Israeli jets on 12 December, apparently after it had been intercepted some 30 miles from the Israeli shore, may have been "deliberately planned" by Israel in retaliation for Syria's recent capture of five Israeli soldiers, in the opinion of the American army attaché in Tel Aviv. The army attaché in Damascus shares the belief that the act was retaliatory.

Comment: This latest incident ends the relative quiet which has existed on the Israeli-Syrian border since early September and is likely to lead to protracted bickering.

5. Libya may present Fezzan dispute to UN:

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Ambassador Tappin in Tripoli warns that unless France agrees to withdraw its troops from the Fezzan--southwestern Libyan province--the issue is certain to go to the UN. The ambassador fears that such a development would bring the American position in Libya and the Arab world under attack and that the USSR might then widen the debate to cover British and American bases in Libya.

Comment: Internal political considerations in both France and Libya have forced the two governments to adopt unyielding positions on the Fezzan troop issue. At the opening of the Libyan parliament on 9 December, Prime Minister Ben Halim stated "regardless of what may happen, my government will not permit the continuance of the stay of French forces in any portion of the beloved homeland." Libya is incapable, however, of forcibly ejecting French troops from the Fezzan.

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WESTERN EUROPE

6. Adenauer incensed over French interpretation of Saar agreement:

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Chancellor Adenauer is incensed at the "explanation" of the Saar agreement which French premier Mendes-France intends to distribute to National Assembly deputies

on 14 December. Adenauer told Ambassador Conant on 13 December that on several points the "explanation" is contrary to the agreement reached in Paris and that he would repudiate these points in the Bundestag on 15 December. He added that a debate between himself and Mendes-France on the interpretation of the Saar agreement would "wreck the possibility of ratification in Paris and Bonn."

Adenauer said that he intended to play down the Saar question in the Bundestag, but that "unfortunately" Mendes-France seemed intent on focusing attention on it. Adenauer expressed suspicion that Mendes-France wants the Paris treaties to fail because of German intransigence on the Saar issue.

Mendes-France's "explanation" states that France will ask Britain and the United States to uphold the Saar agreement in a German peace treaty "in accordance with express assurances which the French government received from these two governments as early as 10 April 1947, and which have meanwhile been reaffirmed." Adenauer asked specifically for American comment on the accuracy of this statement.

Comment: The French "explanation" was drafted in reply to a unilateral German preamble to the Saar agreement which threatened to arouse a storm of opposition in the French assembly.

Adenauer's ability to have the Saar agreement ratified depends on his being able to maintain that it is subject to revision in a peace treaty.

If French deputies opposed to German rearmament learn of the differences between Adenauer and Mendes-France, they may be able to delay approval of the Paris agreements by insisting that ratification be conditioned on German acceptance of the Saar accord without any preamble.

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