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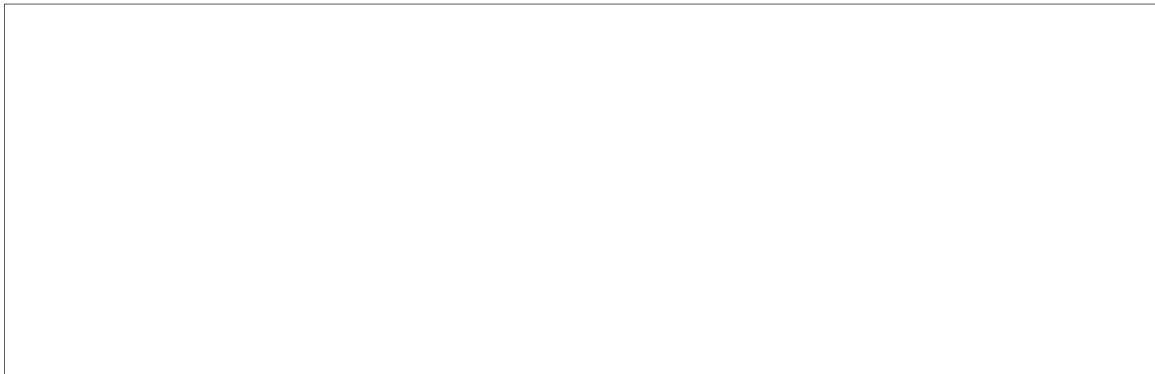
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**SUMMARY****GENERAL**

1. Comment on Soviet offer to aid India in developing atomic energy program (page 3).

**SOVIET UNION**

2. USSR seeks exchange of visits with Asian leaders (page 3).
3. Northern Sea Route convoy to be major reinforcement for Pacific Fleet (page 4).

**FAR EAST**

4. Comment on Chou En-lai's new overture to formalize relations with Japan (page 5).

**SOUTHEAST ASIA**

5. Final break between Recto and Philippine president approaching (page 5).

**NEAR EAST - AFRICA**

6. American official assesses North African problem (page 6).

~~TOP SECRET~~**GENERAL****1. Comment on Soviet offer to aid India in developing atomic energy program:**

[Redacted]

Prime Minister Nehru has confirmed that Moscow has offered to help India develop its atomic research. This is the first offer of this type known to have been made to a non-Orbit country and reflects the value the Soviet leaders place on increasing contacts with the Indians and building up Indian prestige. Nehru's statement that Indian atomic scientists will be visiting the USSR shortly for further discussions indicates that India will seriously consider the Soviet offer.

The USSR announced a plan for atomic development last January and it has since offered aid to seven Orbit states. The announcement also stated that consideration was being given to expanding the plan to include "other countries."

[Redacted]

The Soviet Union can be expected to make additional offers of this type, especially to underdeveloped countries where it can make political gains. [Redacted] --Concurred in by OSI)

**SOVIET UNION****2. USSR seeks exchange of visits with Asian leaders:**

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Comment:

Moscow considers Nehru's visit to have been such a success that the Soviet leaders will encourage an exchange of visits with Asian prime ministers or heads of state. Prime Minister U Nu has accepted an invitation to visit Moscow this fall and probably will invite Bulganin to visit Burma after India. A visit by Bulganin, would be the first by a Soviet leader of his rank to these areas.

3. Northern Sea Route convoy to be major reinforcement for Pacific Fleet:

Comment: The USSR has augmented its Pacific Fleet several times in postwar years by transferring naval vessels constructed in European yards via the Northern Sea Route. The largest previous redeployment occurred in 1954, when five submarines and 18 vessels of minelayer and destroyer-escort types were shifted to the Pacific. The transfer of two cruisers and a dozen submarines, however, would be the first major interfleet redeployment in the history of the Soviet navy.

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## FAR EAST

## 4. Comment on Chou En-lai's new overture to formalize relations with Japan:

[Redacted]

On 25 July Chou En-lai publicly said he hoped that Prime Minister Hatoyama would send a "suitable representative" to Peiping to discuss the normalization of relations between Peiping and Tokyo.

Although the Chinese Communists on occasion have asked to normalize relations, they have not pressed Tokyo in recent months. This renewed effort is timed to take any possible advantage of the atmosphere created by the announcement that the United States had publicly agreed to hold talks with Communist China in Geneva.

Chou's overture will increase popular pressure on the Hatoyama government to restore normal relations with Peiping. Hatoyama's response that he did not intend to send a representative immediately but preferred to await for an accord between the United States and Communist China conforms to Japan's policy of co-operation with the free world. Japan has indicated, however, that an official representative might be sent to Peiping to negotiate on the repatriation of Japanese detainees.

[Redacted]

## SOUTHEAST ASIA

## 5. Final break between Recto and Philippine president approaching:

[Redacted]

Senator Recto's virulent attack on President Magsaysay over Philippine recognition of Vietnam indicates that the two men are headed for a showdown, according to the American embassy in Manila. Magsaysay, in reaction to Recto's ceaseless and obstructive attacks on the administration program, is reported to have instructed his senatorial supporters to take a "gloves-off stand" against Recto. Some sources are predicting that the president will seek Recto's expulsion from the Nacionalista Party.

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The embassy comments that Recto's position appears to reflect the mounting anxiety of the Nacionalista Party "old guard" over Magsaysay's increasing self-assertion as senate elections approach.

Comment: Senator Recto, leader of the ultranationalist faction of the Nacionalista Party, has been engaged in a struggle with Magsaysay for party leadership since the 1953 presidential election. Magsaysay's pro-American foreign policy has been the basic issue in the struggle. Their most recent clash developed out of Recto's charge that the Philippine government's recognition of Vietnam on 15 July was dictated by the United States.

Recto is now reported ready to form a new political party in preparation for his expected campaign for re-election to the senate in November.

#### NEAR EAST - AFRICA

##### 6. American official assesses North African problem:

[Redacted]

The French have achieved a precarious success in Tunisia and a lull in violence in Algeria, but are faced with acute difficulty in French Morocco, according to preliminary observations of Julius Holmes, American diplomatic agent in Tangier, upon completion of a trip through French North Africa.

Holmes sees the key to the present impasse in replacement of the present sultan, who is unacceptable to the Moroccans. He expects Moroccan turbulence to continue and perhaps to increase as both nationalists and French settlers attempt to influence Resident General Grandval. Further clashes on the scale of those at Casablanca and Marrakech may even make settlement of this issue of little avail, particularly if guerrilla operations in the Moroccan countryside develop as they have in Algeria.

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He believes the three separate North African problems are so interrelated that progress toward a solution in one area requires simultaneous progress in the other two. Unless there is early progress toward guaranteeing both the continued presence of France in North Africa and satisfaction of the reasonable aspirations of the North Africans, strife and violence will increase and North Africa will be lost.