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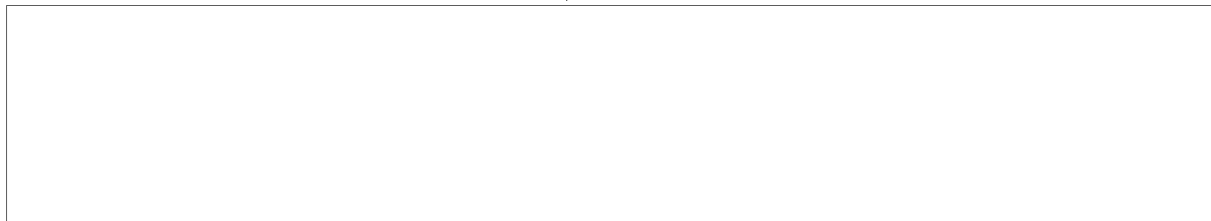
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GENERAL

1. HICOG officials analyze possibilities of harassment of West Berlin:

[REDACTED] American officials in Berlin believe that a primary Soviet objective in the period immediately following ratification of the Paris agreements may be the isolation of West Berlin from East Germany, basically for internal security reasons. A move toward this objective is not expected before ratification, although it is possible that a few measures will be taken to give substance to the threats, particularly against France, in the Soviet antiratification campaign.

These officials warn that in the immediate future a large number of reports--some true and some false--about prospective harassing measures will probably be planted in an attempt to influence the ratification debates. They are confident that a wide range of measures is being discussed in official East German circles, but that firm evidence of official East German decisions is lacking.

HICOG officials believe that reported limitations on movements of persons within East Germany, while unconfirmed, would be logical, in view of East German threats to establish armed forces after ratification. They believe that steps to interfere with the access of West German passengers and freight to Berlin after ratification are less probable, and state that as yet there are no reliable reports that such steps are planned.

FAR EAST

2. Japan frustrating attempts to tighten COCOM controls on copper:

[REDACTED] The Japanese government has informed the American embassy in Tokyo that it has granted export licenses covering a total of 7,300 tons of copper wire destined for the USSR, Czechoslovakia and Poland. A Foreign Ministry official explained that Japan was "late in engaging in this

business" and implied that it was unfair to expect it to ban trade others found profitable and against which there is no prohibition.

The Japanese have pledged all "reasonable" support to the United States in tightening controls on copper, but the embassy does not believe they will agree to an embargo.

Comment: The United States has been concerned that Japanese approval of shipments of this magnitude would prejudice attempts to get COCOM agreement on stricter copper controls.

3. Little change seen in Japan's policies toward Orbit:

Following the Hatoyama cabinet's initial public flirtation with the Orbit, the only change from past Japanese policies appears to be an effort to expand trade and other nondiplomatic contacts, according to Ambassador Allison. In statements to the press, Hatoyama and Foreign Minister Shigemitsu have indicated that while it is desirable to maintain contact with Communist China as a "close neighbor," Tokyo has no immediate intention of recognizing the Peiping regime.

In regard to relations with the USSR, the foreign minister gave the impression that Japan will take no further steps at present, but will watch closely for further clarification of Moscow's intentions. An adviser of Shigemitsu's, however, revealed privately that the new Japanese Foreign Ministry "brain trust was confused by the Molotov statement" and at a loss to cope resolutely with decisions facing it on testing Soviet intentions.

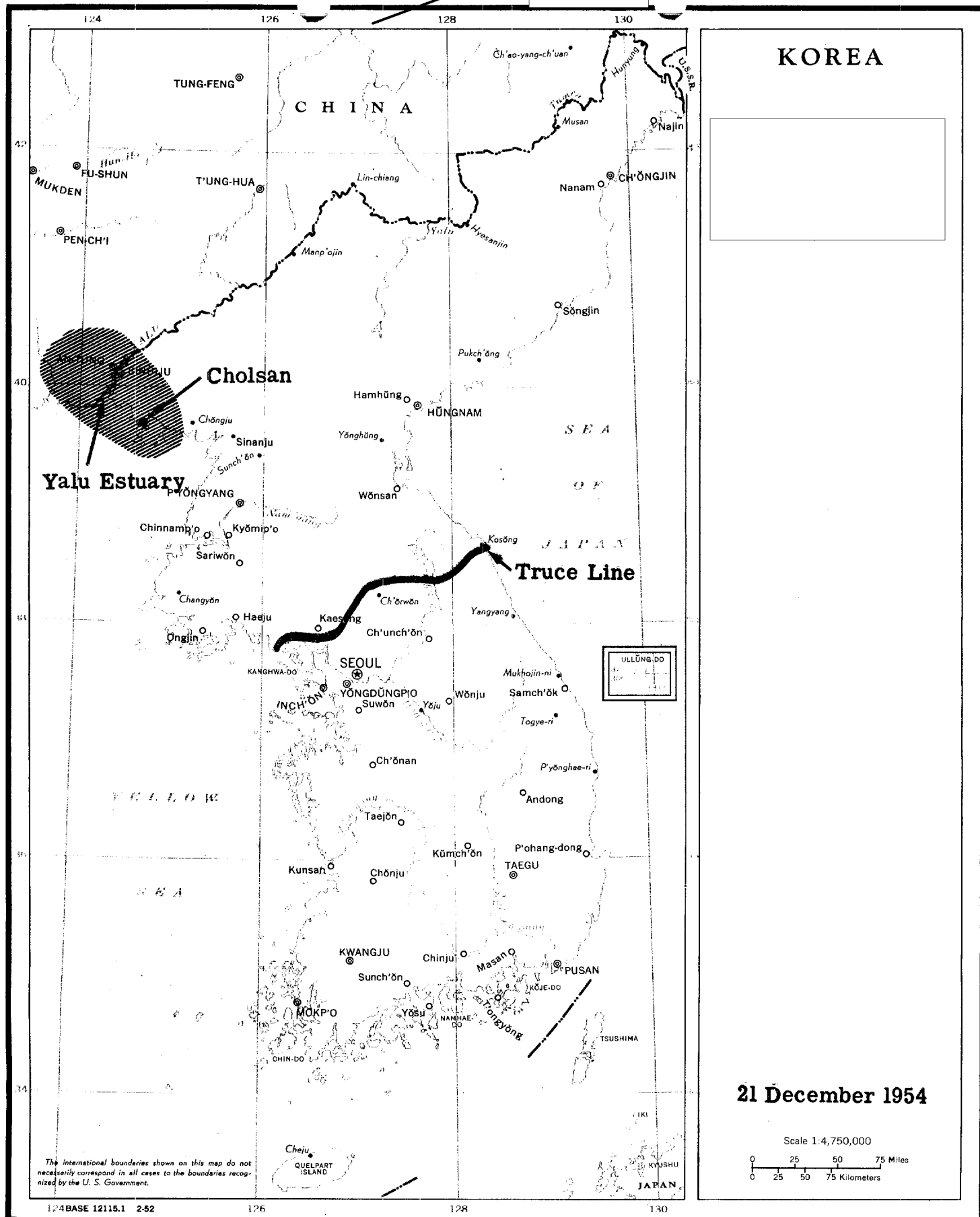
Comment: International Trade and Industry Minister Ishibashi told a Diet committee on 16 December

that Japan would ask the Western powers to relax restrictions on trade with Communist China. According to the press, such relaxation would apply to currently banned "industrial tools, galvanized iron sheets and machinery."

4. North Korean air force fighters increasingly active in North Korea-Manchuria region:


Fighter units of the North Korean air force have assumed a more important role in air defense activity over North Korea and Manchuria

Comment: The North Korean units have probably reached a stage of proficiency which warrants their being assigned increased responsibility for air defense. The sizable reduction in the past year of Soviet and Chinese Communist jet fighter strength in the Yalu area indicates that a major share of the responsibility for air defense of the North Korea-Manchuria theater rests on the North Korean air force.



SOUTHEAST ASIA

5. Burmese premier apparently swayed by Communist argument on current issues:

 Burmese premier U Nu and his party returned from their recent visit to Communist China apparently believing that the United States was "stampeded" into signing its defense pact with Nationalist China because of the imprisonment of the 11 American airmen. This was the impression Ambassador McClintock received when Nu and his entourage stopped in Phnom Penh on their return trip.

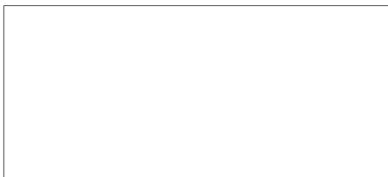
U Nu was also struck during his stopover at Hanoi in North Vietnam with Ho Chi Minh's sincerity and desire for peace. Apparently suspecting an American intent to sabotage the 1956 elections in Vietnam, the premier repeatedly insisted that the Vietnamese people had a right to decide by free elections between Ho and Bao Dai.

Nu also commented on the "tremendous" scope of Russian economic and technical assistance, particularly in North China.

Comment: This report suggests that the Communists achieved considerable success in coloring the Burmese mission's point of view in their favor. Members of this conservative Burmese group had previously indicated a growing awareness of Communist aggressive designs.

Almost all of the delegations which have toured Northeast and North China in recent years--particularly those from Asian states--have been impressed by the Chinese industrial construction program and the Soviet contribution to it.

6. French negotiate secret agreement to train Cambodian army:

 A "highly classified" agreement providing for the training of the Cambodian armed forces by 720 French military instructors has recently been concluded,

according to a Cambodian defense official. Ambassador McClintock considers this French action a violation of a previous commitment to undertake prior consultation with the United States.

Comment: The rapidly dwindling influence of the French in Vietnam has made them all the more determined to bolster their position in Cambodia. Ambassador McClintock has previously cited French actions in the field of military aid and advice which appear designed to frustrate effective American action in this field.

Only a handful of French military instructors are now in Cambodia.


SOUTH ASIA

7. Comment on appointment of opposition leader to Pakistani cabinet:



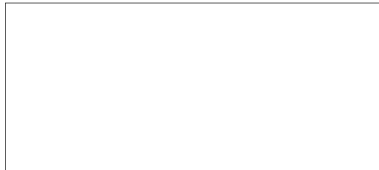
The appointment on 20 December of H. S. Suhrawardy of East Pakistan as law and constitution minister of Pakistan appears to result from a decision by Governor General Ghulam Mohammad's ruling group to neutralize the opposition by fulfilling the ambition of its strongest member to hold a post in the central cabinet.

Despite recent rumors that Suhrawardy might be made prime minister, he has never had sufficiently strong support to demand so high a position. The price for Suhrawardy's appointment, therefore, probably was an expression of his willingness to acquiesce to the desires of the ruling group in interpreting the law and in preparing a constitution.

This appointment presumably assures the assent of East Pakistan to whatever form of national and provincial government the ruling group wishes. As law and constitution minister, Suhrawardy will be responsible for future developments in these fields. 

NEAR EAST - AFRICA

8. Saudi king pleased over agreement to arbitrate Onassis dispute:



King Saud is pleased with the agreement between Saudi Arabia and ARAMCO to arbitrate the disputed Onassis tanker agreement if no compromise is reached

before 15 January 1955, 



Comment: Since last August, King Saud and other Saudi officials have demonstrated a more friendly attitude in discussing the Onassis tanker agreement, which violates ARAMCO's concession rights.

9. France moves to break Fezzan impasse:

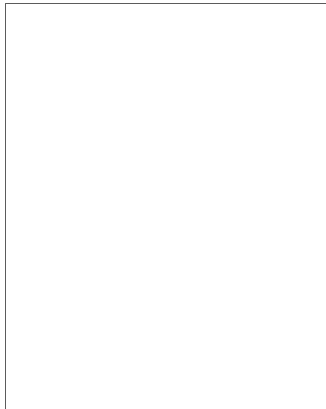


France has agreed to negotiate the Fezzan issue and has requested that the Libyan government send representatives to Paris immediately.

Prime Minister Ben Halim told American officials in Tripoli on 18 December that he believes Libya must "step forward" to meet this request, but that he must first consult parliament.

According to American ambassador Tappin, the French note gives the impression of a willingness to negotiate an agreement providing for eventual withdrawal of French forces from the Fezzan.


Comment: France had refused to agree to an early withdrawal of French forces maintained in the Fezzan under a provisional agreement expiring on 31 December 1954. Ben Halim has expressed opposition to the stationing of any French forces in Libya after the end of the year, but he probably would accept a face-saving formula recognizing Libyan authority and providing for a gradual French withdrawal.

10. Comment on Sudanese political crisis:

The split in the Sudanese government over Premier Azhari's policy favoring union with Egypt is a serious setback to Cairo's efforts to obtain union of the two countries. The Egyptian-sponsored National Unionist Party, which controls the Sudanese government, depends on the important Khatmia religious sect for popular support. The present crisis, in which three Khatmia ministers are charged with conspiring to

overthrow the government, suggests a break has occurred between the Khatmia and the pro-Egyptian politicians.

Recent events in Cairo, particularly the removal of President Nagib, have lessened Sudanese sentiment for union with Egypt. Serious disorders are likely if the Azhari government, which is heavily financed from Cairo, adopts high-handed measures to suppress popular demand, reported to be growing, for the complete independence of the Sudan.

 a Moslem Brotherhood leader, who had escaped from Egypt, intends to go to Khartoum to instigate anti-Nasr regime activities among the Sudanese adds a further note of instability to the Sudanese political situation.