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7 February 1956

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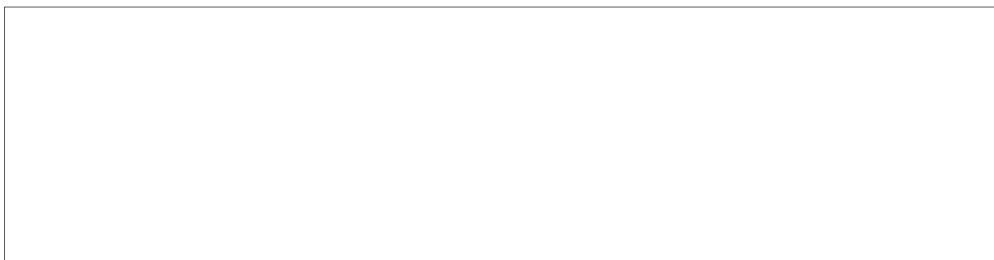
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1. CHINESE NATIONALIST EVACUATION OF WUCHIU ISLANDS REPORTED IMMINENT

The American naval attaché in Taipei believes Chiang Kai-shek will approve Chinese Nationalist plans for an "imminent" evacuation of the 480-man guerrilla force from the Wuchiu Islands, midway between Matsu and Quemoy. The Nationalist source who reported plans for the evacuation says an evacuation of the Yinshan Islands, 30 miles northeast of Matsu, has also been discussed. The Yinshans will be held, however, since they lie well offshore and it would require a major Chinese Communist amphibious effort to take them.

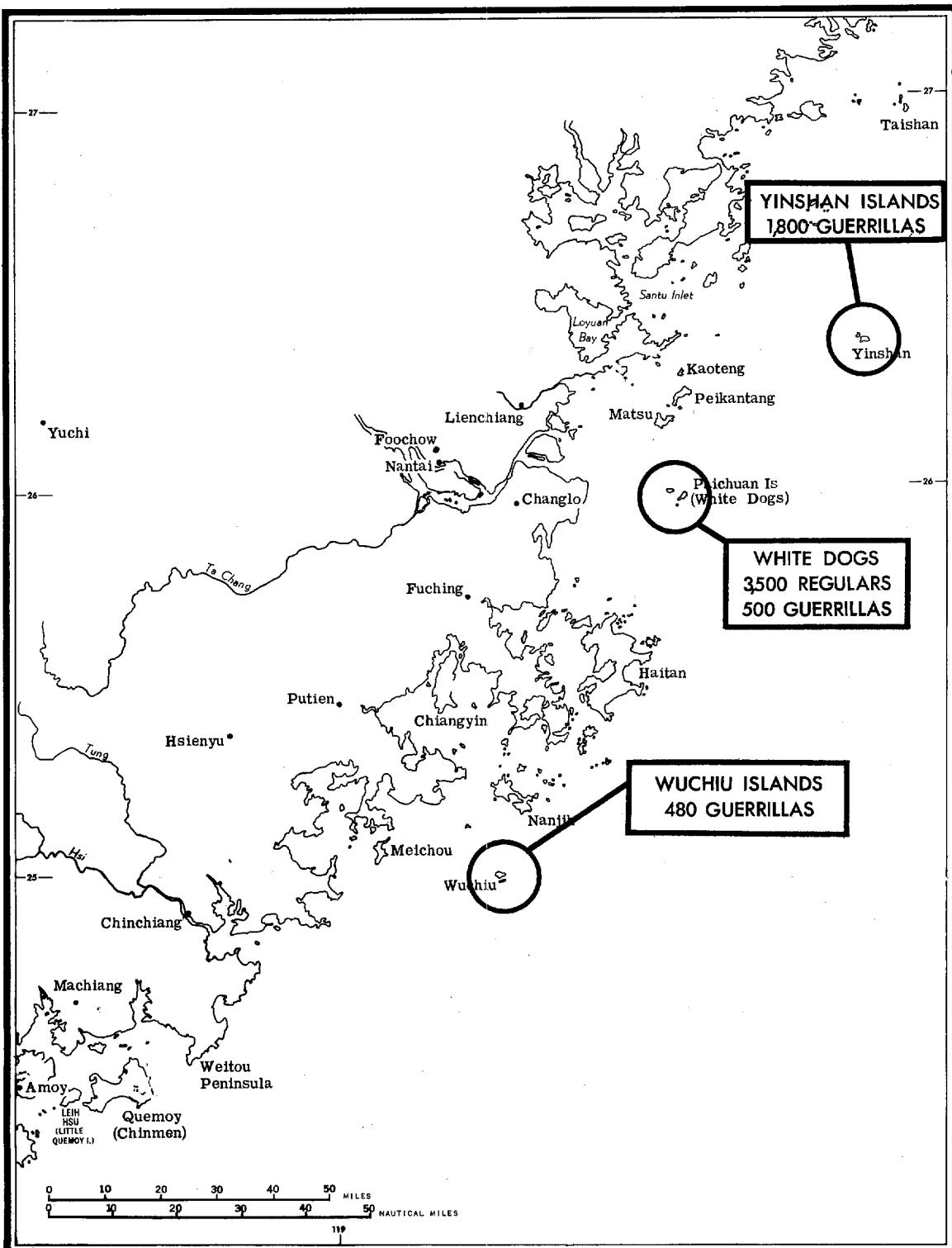
The attaché's source also reported that the White Dog Islands, 10 miles south of Matsu, are a "real worry" and that the Nationalists 'never should have attempted to defend' them.

Comment

The leaking of this information suggests that Taipei is probing for American reaction to withdrawals from the smaller islands. Without an American commitment to help defend the islands, the Nationalists may eventually abandon both the Yinshan and White Dog groups, in addition to the Wuchius.

While withdrawals of Nationalist garrisons from any of the offshore islands will be exploited to the maximum by Communist propaganda, the Yinshans, White Dogs and Wuchius are highly vulnerable to Communist strikes and are of little military value to the Nationalists.

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**2. FRENCH FOREIGN MINISTER SAYS DISARMAMENT
MOST IMPORTANT ITEM OF POLICY**

Disarmament is the most important item in the present French government's foreign policy, Foreign Minister Pineau told Ambassador Dillon in Paris on 4 February. Pineau said that the Western governments must maintain the initiative on disarmament, and that the search for a general agreement must be given priority over German reunification.

The French delegate to the UN Disarmament Commission, Jules Moch, has received new instructions to "aggressively respond to every Soviet gambit," Pineau added.

Pineau told British ambassador Jebb that during the electoral campaign he was much struck by the fact that the majority of French workers and less-well-educated people sincerely believed that the USSR was working for peace. They blamed the cold war on Western powers which by contrast to the Soviet Union are considered favorable to or willing to accept war. Pineau found this particularly true of feeling toward the United States. It is to counteract this sentiment that the Mollet government plans to place such great emphasis on disarmament.

Ambassador Dillon has the impression from his talk with Pineau that Moch's position is considerably enhanced under the present French government and that there is increased danger of the French putting forward publicly disarmament ideas which have not been thought through.

Comment

Moch, who is senior to Pineau in the Socialist Party, in UN disarmament discussions has always taken the lead in exhaustive exploration of Soviet disarmament proposals for possible areas of agreement with Western positions.

Pineau's statements acknowledge a shift in French foreign policy emphasis which became apparent prior to the two Geneva conferences last year but in the interest of Western solidarity was subordinated to German reunification.

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3. BULGANIN SUGGESTS MEASURES TO IMPROVE SOVIET-PAKISTANI RELATIONS

[Redacted]

Soviet premier Bulganin, in replying on 6 February to questions on Soviet-Pakistani relations submitted by the United Press of Pakistan, outlined a series of measures for improving relations between the two countries. He recommended a trade pact and suggested that the USSR might provide Pakistan with atomic knowledge for peaceful use and technical assistance. Although Bulganin stated that the USSR opposed Pakistan's membership in SEATO and the Baghdad pact, he did not make withdrawal a condition for improvement of Soviet-Pakistani relations.

Bulganin's remarks follow hard upon Soviet overtures to two other "northern tier" countries, Iran and Turkey, for closer ties with the Soviet bloc. They also coincide with the reported conclusion of a Polish-Pakistani trade pact.

Bulganin's reference to the "five principles" -- regarded by Pakistanis as Indian-inspired -- as a guide to Soviet-Pakistani relations is apt to be distasteful. Statements by Soviet leaders during their recent Asian tour supporting India and Afghanistan in their quarrels with Pakistan still rankle in Karachi.

Nonetheless, Bulganin's statement represents a major bid to fortify growing neutralist sentiment in Pakistan and probably will have considerable popular appeal. It is doubtful that the shaky Karachi government will be able to ignore the Soviet advance. [Redacted]

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 6 February)

Egypt has announced it will form a "Palestinian national guard" to protect Arab refugee camps and perform "other duties" in the Gaza strip, which is controlled by Egypt. An Egyptian official said volunteers for the new unit, to be recruited from among the 220,000 Arab refugees from Israel who are now in the strip, will be trained with modern arms by Egypt. Creation of this force seems intended to encourage better relations between the Egyptian army and the refugees, who have accused them of weakness in the face of Israeli provocations.

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