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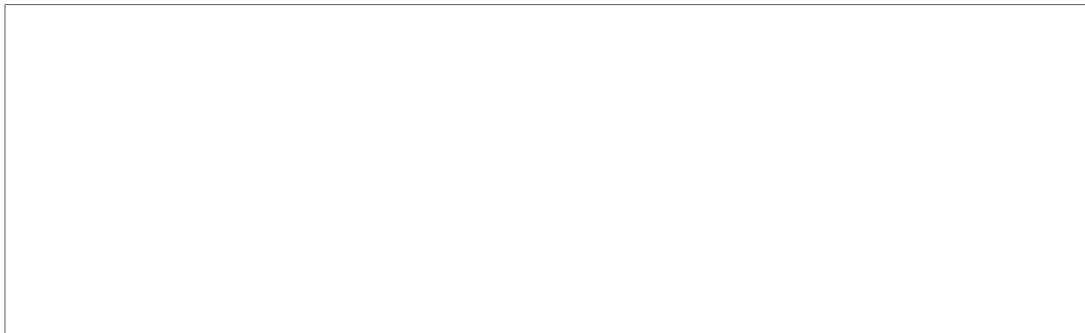
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FAR EAST**1. Japan sets policy for talks with USSR:**

The Japanese government has decided to seek the settlement of specific problems between Japan and the USSR in the forthcoming talks before consenting to establish diplomatic relations. Foreign Ministry adviser Tani, however, told Ambassador Allison on 25 May that domestic political considerations might make it impossible strictly to follow this policy.

Tani said that Tokyo believes the forthcoming Japan-Soviet negotiations will be affected by the proposed four-power meeting "at the summit," and will defer any final action pending the results of the latter conference. He said the Japanese would resist Soviet attempts to introduce Communist China into the discussions, and would co-ordinate with the United States any response to Soviet proposals for Japanese neutrality.

Comment: Moscow may seek a quick agreement to resume diplomatic relations with Japan, leaving the more troublesome issues for future deliberation.

Matsumoto, Japan's chief delegate to the talks, which are scheduled for early June, told the upper house on 17 May that he would refuse a hasty agreement for diplomatic relations, and that he would work out a compromise "suitable to Japanese public opinion" on the issues of repatriation, territory, admission to the UN, and fishing rights.

2. South Korean foreign minister fears Soviet proposal to neutralize Korea:

Foreign Minister Pyun told Ambassador Lacy in Seoul on 25 May he hoped the coming Big Four conference would not concentrate on European problems to the

exclusion of those of the Far East. He urged that the United States reject any Soviet proposal to neutralize Korea.

Pointing to Korea's strategic importance to the USSR, Pyun said the Soviet Union remains the master of North Korea and has removed most Chinese Communist sympathizers from the Pyongyang regime. He added that of the 55 top-level North Korean government officials, 30 are Russian-trained and would presumably support Moscow's ambitions, while only five have Chinese backgrounds.

Comment: While the Soviet representatives at the four-power conference may repeat their standard call for Korean reunification as part of a package proposal for reducing international tensions, it is unlikely that they will advance any specific plan to neutralize Korea. Recent North Korean propaganda raises the possibility that the USSR will suggest a disarmament scheme for the two Korean regimes and a withdrawal of foreign troops as part of a broader East-West arms limitation system.

Pyun's views on relative Soviet and Chinese influence in Pyongyang are realistic. South Korean propaganda, however, still asserts that Communist China controls North Korea.

SOUTHEAST ASIA

3. Viet Minh presses French on Geneva responsibilities:

According to a French official in Saigon, Viet Minh commander in chief Giap recently told General de Beaufort, French liaison officer with the International Control Commission:

a. The Viet Minh cannot stand by and see chaos continue in the south.

b. The French are responsible for seeing that the Geneva accords are carried out and for maintaining order in the south.

c. Vietnamese politicians being suppressed by Diem are putting out feelers to the Viet Minh.

Comment: The first point has been featured recently in Viet Minh propaganda broadcasts. The second is essentially a restatement of responsibilities France accepted at Geneva. The Viet Minh presumably believe that the elections envisaged at Geneva provide the best opportunity for realizing a Communist take-over of South Vietnam.

The third point, if actually made by Viet Minh officials, would appear to be designed to convince the French that their best chance of avoiding difficulties in connection with their Geneva responsibilities is to support anti-Diem elements in the south.

4. Plans for popular revolt against Pathet Lao in doubt:

Crown Prince Savang is discouraged over prospects for a popular uprising against the Pathet Lao in the northern provinces of Laos, according to the American legation in Vientiane. The government is reluctant to give a final green light to the project.

The crown prince also recognizes the possibility of Viet Minh intervention to liquidate all government forces in the north.

Comment: Premier Katay has been unenthusiastic about plans to foster an uprising from their inception. His coolness stems both from his realistic view that a revolt would have little chance of success and his ill-founded hope that a favorable political settlement can be reached by negotiation with the Pathet Lao.

In view of the hesitation now reported on the part of the project's chief backers, there appears little likelihood that official backing will be forthcoming.

SOUTH ASIA

5. Afghans qualify acceptance of "mediation" proposals:

[Redacted]

According to the American army attaché in Kabul, Afghan foreign minister Naim has been informed by the head of a "mediation commission" comprising Saudi Arabia, Egypt, Turkey, Iran, and Iraq, that it unanimously agrees that Afghanistan should accept in full the Pakistani demands regarding the Kabul incident of 30 March. The commission will next investigate the Peshawar incident, and Pakistan has agreed to accept its recommendations.

The Afghan government is said to have agreed to the above terms, provided Syria is added to the group of five nations investigating the Peshawar incident, or that the group is reduced to three members--Saudi Arabia, Egypt, and Iraq.

Comment: The reported Afghan suggestions on the number of mediators of the Peshawar incident would be unacceptable to Pakistan and would provide no basis for settlement. By adding Syria to a mediating commission, Afghanistan would probably deadlock the situation by producing a 3-3 vote, since Syria would be likely to join Saudi Arabia and Egypt in siding with Afghanistan. By reducing the commission to the three suggested nations, Afghanistan would have a 2-1 vote in its favor.

WESTERN EUROPE

6. West German neutralists sobered by fears of US withdrawal:

[Redacted]

West German misinterpretation of President Eisenhower's remarks on 18 May on a cordon sanitaire in Europe had a salutary

effect on local discussion of German neutralism, according to American officials in Bonn. That the United States seemed even to consider withdrawing from Europe shocked and dismayed those who have espoused various neutrality arrangements for Germany.

From parliamentary leaders of various parties, American officials have gained the impression that most Germans will not agree to unification at the cost of their security. The American officials believe that the extent of neutrality sentiment in the Federal Republic has been highly exaggerated by the German press and that Austrian developments and other Soviet maneuvers have failed to sway West German opinion.

Comment: At present all parties in the West German Bundestag reject neutrality in name, but the opposition Social Democrats continue to advocate foreign policies similar to Sweden's.

A bona fide Soviet offer for free all-German elections and neutrality would put Chancellor Adenauer in a critical position.

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8. Comment on Khrushchev's apology to Tito:

Khrushchev's admission in Belgrade on 26 May that the Soviet Union was "misled" by Beria and was to blame for the 1948 split with Yugoslavia indicates the unprecedented lengths to which Moscow is now willing to go to re-establish close relations.

This concession to Tito indicates that the USSR probably expects to gain Yugoslav support for its positions on international issues. Tito may go as far as signing a nonaggression pact. First, however, he is likely to demand some further proofs of Soviet good intentions, such as a settlement of Yugoslav economic claims against the USSR.

Khrushchev's call for "mutual trust" between the Communist parties of the two countries indicates that Moscow is also seeking a close party working relationship. Before consenting to this, Tito would probably insist upon concrete evidence that the USSR has radically revised its policies and is now willing to treat the European Satellites as sovereign and independent states.

Khrushchev's ideological about-face probably will encourage factionalism on the part of nationalist elements within the Satellite Communist parties. Hungarian party leader Rakosi in particular may find himself in an awkward position, since he was one of the most outspoken leaders of the anti-Tito movement in the Cominform and only last month succeeded in ousting Premier Nagy from the party and government for nationalism and chauvinism.

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