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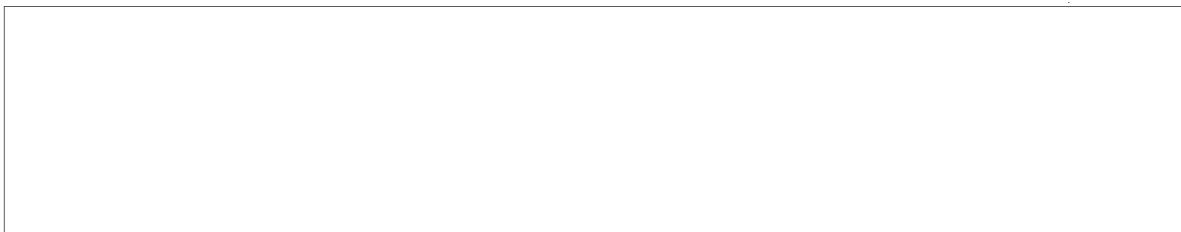
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THE FORMOSA STRAITS

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SOVIET UNION

1. New types of Soviet aircraft sighted over Moscow:

In seven practice flights since 6 April for the annual May Day aerial parade, at least three new types of Soviet aircraft, as well as significant numbers of four-engine jet heavy bombers, have been observed by Western officials. New aircraft types sighted include at least one jet fighter similar in appearance to the MIG; a swept-wing, four-engine turboprop aircraft of heavy bomber size; and a jet twin-engine swept-wing aircraft, probably a light bomber.

In the sixth and largest pre-parade practice, held on the morning of 21 April, eight jet heavy bombers were flown in two V's of three, preceded by two single aircraft.

FAR EAST

2. Hatoyama government expected to survive critical Diet session:

The Hatoyama government will have an exceptionally hard time in the Diet session due to reconvene on 25 April, with bitter attacks expected from both the Socialists and the conservative Liberals, according to the American embassy in Tokyo. The majority opinion at present, however, is that the government will survive the session, which will probably last well into June.

Focal point of the opposition attacks will be the budget, with the Socialists in particular planning to denounce the minority Democratic government for failing to implement campaign promises for increased welfare benefits and for "surrendering" to the United States by not reducing Japan's defense expenditures.

The government's diplomatic "blunders" will likewise be denounced, and there continue to be rumors that a motion of no confidence will be submitted against Foreign Minister Shigemitsu.

Comment: The recent Democratic moves for a conservative merger, to be followed by Hatoyama's retirement,

were probably timed to serve as a conciliatory gesture toward the Liberals. Hatoyama can almost assure himself of Liberal support on the budget by threatening to call new elections.

The government has set the stage to blame Ambassador Iguchi in Washington for its failure to gain US approval of Shigemitsu's visit. It will probably defend itself on the budget by placing responsibility on "American pressure!"

SOUTHEAST ASIA

3. Minh says removal of Diem will appear sect victory:

Former Vietnamese defense minister Ho Thong Minh told American embassy officials that it may be impossible to remove Premier Diem without making such a move appear a victory for the sect front controlled by the Binh Xuyen. He urged that the change nevertheless be made, and suggested that Vietnamese political groups, the sects, the French, and the Americans suggest names of a successor, and Bao Dai would make the choice. Minh, however, expressed apprehension regarding the possible appointment of "a Tonkinese"--presumably a reference to Phan Huy Quat--as Diem's replacement.

Meanwhile, General Ely told the embassy that some change must take place in four or five days. He described Diem as "no longer the chief of the government, but merely the chief of a band."

Comment: Recent consultations with the principal Vietnamese aspirants for the premiership have revealed their inability to agree among themselves on even minimum proposals for the solution of the present crisis, beyond conceding the need for a more representative government. Minh's political ambitions have long been evident to the embassy, and his remarks appear designed to undercut his rival, Phan Huy Quat.

Since the beginning of the Diem-Binh Xuyen dispute a month ago, Ely has been insisting that a solution within a matter of days was imperative. However, he told General Collins on 19 April that he did not expect an "immediate blow-up."

The Binh Xuyen continues openly and systematically to flaunt the authority of the government, and there are reports that troops of the Vietnamese army have been encouraging incidents.

WESTERN EUROPE

4. Austria will ask four-power guarantee of neutrality status:

[Redacted] Chancellor Raab told Ambassador Thompson in Vienna on 21 April that he intended to seek a four-power guarantee of Austrian neutrality, and that Moscow might insist on the powers agreeing to this before signing the treaty. Raab considers that Austria has full freedom to draft the text of its neutrality declaration as long as it follows the Swiss model.

According to Thompson, Raab clearly believes that Austrian neutrality will not go beyond avoiding military alliances and refusing to permit the stationing of foreign troops on Austrian soil. It would not bar membership in such organizations as the Coal-Steel Community.

Raab does not consider that Austria would be obliged to ship strategic material to the Soviet Union, and he asserted that Austria could maintain its right of asylum for iron curtain refugees.

Raab stated that the primary task of his government is to maintain friendship with the United States, and that he had already told German representatives in Vienna that the Federal Republic must rearm, as this is the only language Moscow understands.

Comment: While the Western powers have been prepared to respect Austria's option for neutrality, they have been opposed to a guarantee insisting that Austria remain neutral. Moscow seems to want primarily the Austrian declaration of neutrality, which it can use immediately to stimulate West German interest in unification of a neutral Germany.

It seems probable that Austria will ship some strategic materials, which the USSR has been able to acquire in Austria in the past.

THE FORMOSA STRAITS

Report of the IAC Current Intelligence Group for the Formosa Straits Problem

This report is based on information received in Washington up to 1100 hours 23 April 1955.

1. Chou En-lai's 23 April offer to negotiate with the United States on relaxing tensions in the Far East, "especially" in the Formosa area, seems to be a Communist effort to regain the initiative in the "peace" campaign. Peiping evidently believes that Chou's offer, at a minimum, will recoup for the Communists the losses they have suffered in the predominantly anti-Communist proceedings of the Bandung conference to date, as most Asian governments favor a negotiated settlement of Chinese questions and would be expected to endorse Chou's proposal.

Chou apparently envisages direct talks with the United States, rather than a multilateral conference such as the Communists have previously proposed. His statement does not indicate any change in the Chinese Communist refusal to negotiate in any way with Nationalist China.

Peiping has long insisted that any Formosa settlement must involve a withdrawal of American forces from the area. It is believed that the Chinese Communists would reaffirm this position in any negotiations.

Chou's statement suggests the possibility that large-scale military operations will not be undertaken pending the Communist assessment of the prospects for negotiations.

Formal Soviet statements and propaganda have avoided the issue of possible Soviet involvement in such a war and have been confined to vague expressions of Sino-Soviet solidarity. Peiping propaganda, somewhat less vague on this point, has stated several times in recent months that "the firm unity that exists between China and the Soviet Union is the most reliable guarantee of the defeat of those who plot an atomic war."

3. [redacted] the Chinese Communists have assumed operational control of the Soviet BUTCHER (IL-28) jet light bombers in the Port Arthur area, and that complete transfer is imminent. An unidentified air-ground net in the Port Arthur-Dairen region, which probably reflects BUTCHER activity, has undergone a significant callsign change. Callsigns now in use are very similar to those in use on other Chinese Communist regional air-ground nets.

There have been [redacted] indications that the Chinese Communists might receive some or all of the Soviet aircraft in Port Arthur-Dairen. Both Communists China and Russia have announced that Soviet units would be withdrawn by the end of May.

There are approximately 84 BUTCHERS in the Port Arthur area. Of these, more than 60 are from the Mine-Torpedo Division, and possibly are equipped with special aerial torpedo attack equipment. Addition of the full Port Arthur BUTCHER complement--plus the 36 BUTCHERS which have been handed over to the Chinese Communists at Tsitsihar--would raise the Chinese Communist air force and naval air force BUTCHER strength from 145 to 265 and provide for establishment of four two-regiment light bomber divisions.

4. A summary of military developments in Communist China during the period of 21 March - 21 April 1955 is attached.

ANNEX

This annex is a summary of military developments in Communist China during the period 21 March - 21 April 1955.

Ground:

There has been no evidence of any significant change in Chinese Communist ground force dispositions in the East China area (see map). For China as a whole, the only significant change in ground force dispositions is the withdrawal of at least six divisions from North Korea back to China. There is no evidence, however, at this time that any of these divisions have been deployed to the East China area.

Sea:

Additional small naval vessels, including at least two LST's, have moved into the Foochow area and have been employed in local logistic tasks. A Nationalist naval patrol established to intercept these ships north of the Pehling Peninsula has not been successful. This patrol has since been curtailed concurrent with an apparent decrease in Communist naval movements.


Air:

Prior to 20 March, information furnished by the Chinese Nationalists was fragmentary and irregular. Since that time, administrative measures taken to improve this condition, coupled with periods of good reconnaissance weather, have resulted in receipt of considerable information regarding Chinese Communist air force developments.

This increase in the number of reports, together with aircraft counts not previously available, may have created the impression of a rather heavy buildup in the East China area. While this may be true, in most cases it cannot be definitely determined whether aircraft strength at a given point represents additional aircraft brought into the area, aircraft redeployed from other airfields within the area, or aircraft which have been at the particular point for some time.

In any case, there have been four significant developments during the period:

1. 39 BUTCHER jet light bombers have arrived at Hangchow. For the first time aircraft of this type are known to be based within combat radius of Formosa and the offshore islands.

2. Photography has disclosed a well-equipped air depot at Nanchang. This is the only one known to exist this far south.

3. Jet fighters now operate from the newly completed strip at Luchiao, and active construction is proceeding on four new air-field sites along the East China coast--Swatow NE, Lungchi, Chingyang and Nantai.

4. 34 BUTCHER jet light bombers have arrived in Manchuria from the USSR. There is additional evidence that these aircraft may supplement the Chinese Communist naval air force BUTCHER strength in the Tsingtao area.

THE FORMOSA STRAITS

Report of the IAC Current Intelligence Group for the Formosa Straits Problem

This report is based on information received in Washington up to 1100 hours 24 April 1955.

1. [redacted] a jet fighter unit of probable divisional size moved from the Shantung Peninsula, 350 miles north of Shanghai, probably to Changchiao airfield at Ningpo on 20, 21 and 22 April. The jets are believed to be subordinate to the Chinese Communist naval air force.

2. Premier Chou En-lai told the Bandung conference on 24 April that the US and China should get together on settlement of the Formosa problem, but he added "this should not, however, in the slightest degree affect the exercise by the Peoples' Republic of China of its sovereign right to the liberation of Formosa."

According to the press, a spokesman for the Chinese Nationalists has stated that they will negotiate on the Formosa issue only in the United Nations, and only if Communist China takes part as an accused aggressor and not as an equal.

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CHINA-FORMOSA SITUATION

23 April 1955

Nautical miles 0 50 100 150
Statute miles 0 50 100 150

Selected road
Railroad
Proposed railroad

PRIMARY
SECONDARY

- ▲ OPERATIONAL
- ▲ SERVICEABLE
- ▲ UNKNOWN
- ▲ OTHER

COMMUNIST AIRFIELD LEGEND

USEABILITY

- + MIG-15, MIG-17, TU-4, IL-28
- TU-2, IL-10, LA-9/11, LI-2, etc.
- unknown
- * Fields not considered capable of supporting sustained operations at present.

NATIONALIST AIRFIELD

DESIGNATIONS

- PRIMARY: considered most important in area, with prepared runway generally 5000 feet or longer.
- SECONDARY: auxiliary or emergency bases, or fields of lesser importance—runways generally less than 5000 feet.
- OPERATIONAL: consistently used by military & civilian aircraft.
- SERVICEABLE: capable of use by aircraft.
- UNKNOWN: current status undetermined.
- OTHER: under construction, abandoned, or unserviceable.

