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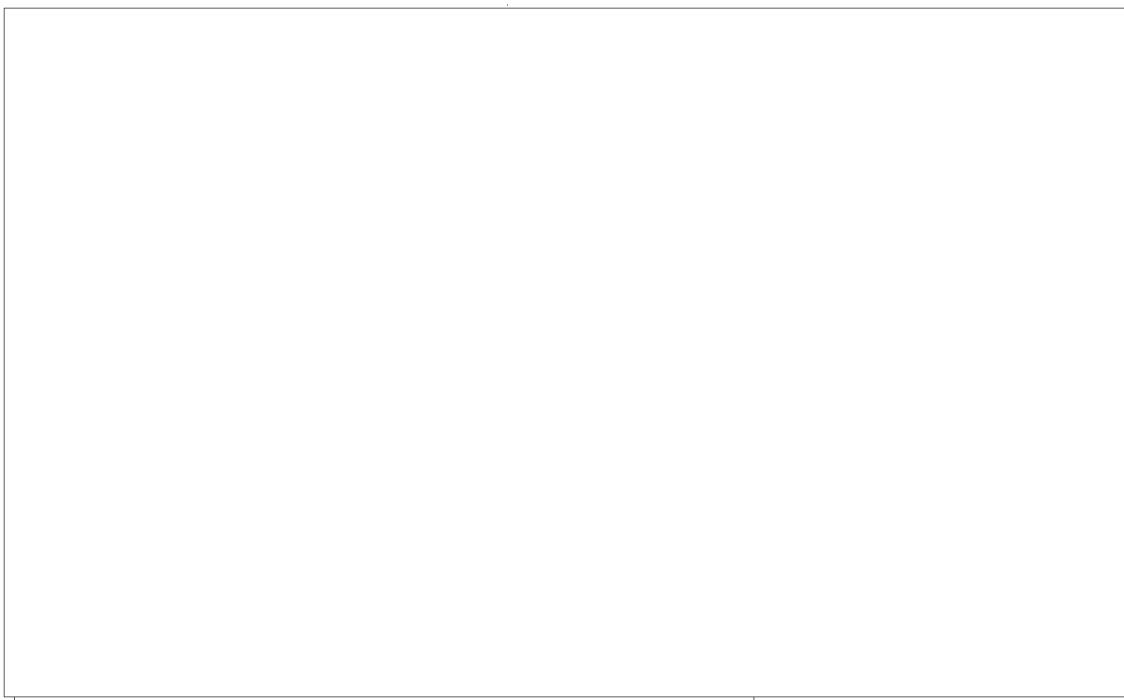
**EASTERN EUROPE**

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**WESTERN EUROPE**

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**FAR EAST****1. Burma may approach Chinese Nationalists for Peiping:**

Both Burma and India favor Chinese Communist annexation of Formosa by diplomatic means.

The Chinese Communists may be preparing, or agreeing, to offer to discuss directly with the Chinese Nationalists the "peaceful liberation" of Formosa. Peiping has been declaring publicly and privately for several weeks that "peaceful liberation" could be effected if American forces were withdrawn from the China area.

Such Chinese Communist statements have apparently envisaged direct negotiations with the undefended Chinese Nationalists, who would have the alternatives of assisting in a turnover or awaiting a military assault. Peiping's broadcasts to Formosa have long offered amnesty to all persons there except Chiang Kai-shek.

The Chinese Nationalists could be expected to reject any Communist overture of this kind, and Peiping presumably would calculate that it would be rejected. An approach would be consistent, however, with Peiping's effort to present itself as exploring all means for a peaceful settlement.

2.

## SOUTHEAST ASIA

### 3. Vietnamese election question raised by French official:

The director of the Asian Department of the French Foreign Ministry expressed to American and British embassy representatives in Paris his view that the proposed four-power conference in Saigon would be a good occasion to present a tripartite position on the Vietnamese elections to the Vietnamese government.

The spokesman thought, however, that acceptance of the Vietnamese proposal that the Saigon conference be at the foreign ministers' level might "preclude formulation" of an agreed position prior to 20 July, the date stipulated at Geneva as the opening of the period of north-south talks on elections.

The French government prefers that the anti-Communist side take the initiative in calling for election talks.

Comment: The stated purpose of the Vietnam government in calling for a four-power conference was precisely to avoid being presented with a prior position agreed upon by the Western powers.

The Vietnam government agrees to the desirability of proceeding with a discussion of the elections to be held in July 1956, but it has thus far refused to enter into direct talks with the Viet Minh and reserves the right to insist that as a non-signatory of the Geneva accords it is not bound by their terms.

Diem's brother Nhu recently stated that the four-power talks should include discussion of the defense of Vietnam "in view of the unlikelihood that elections would be held."

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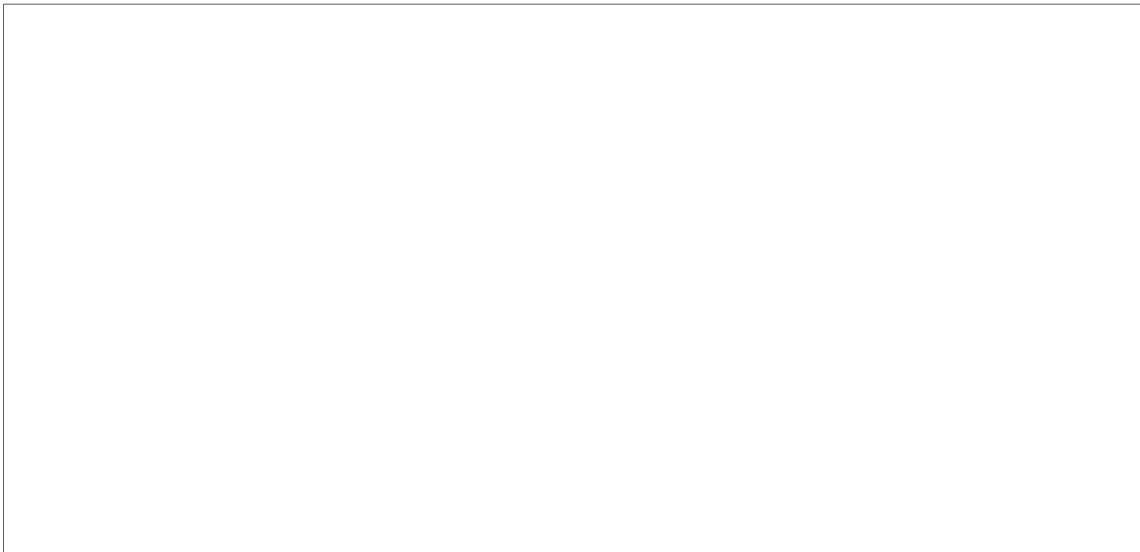
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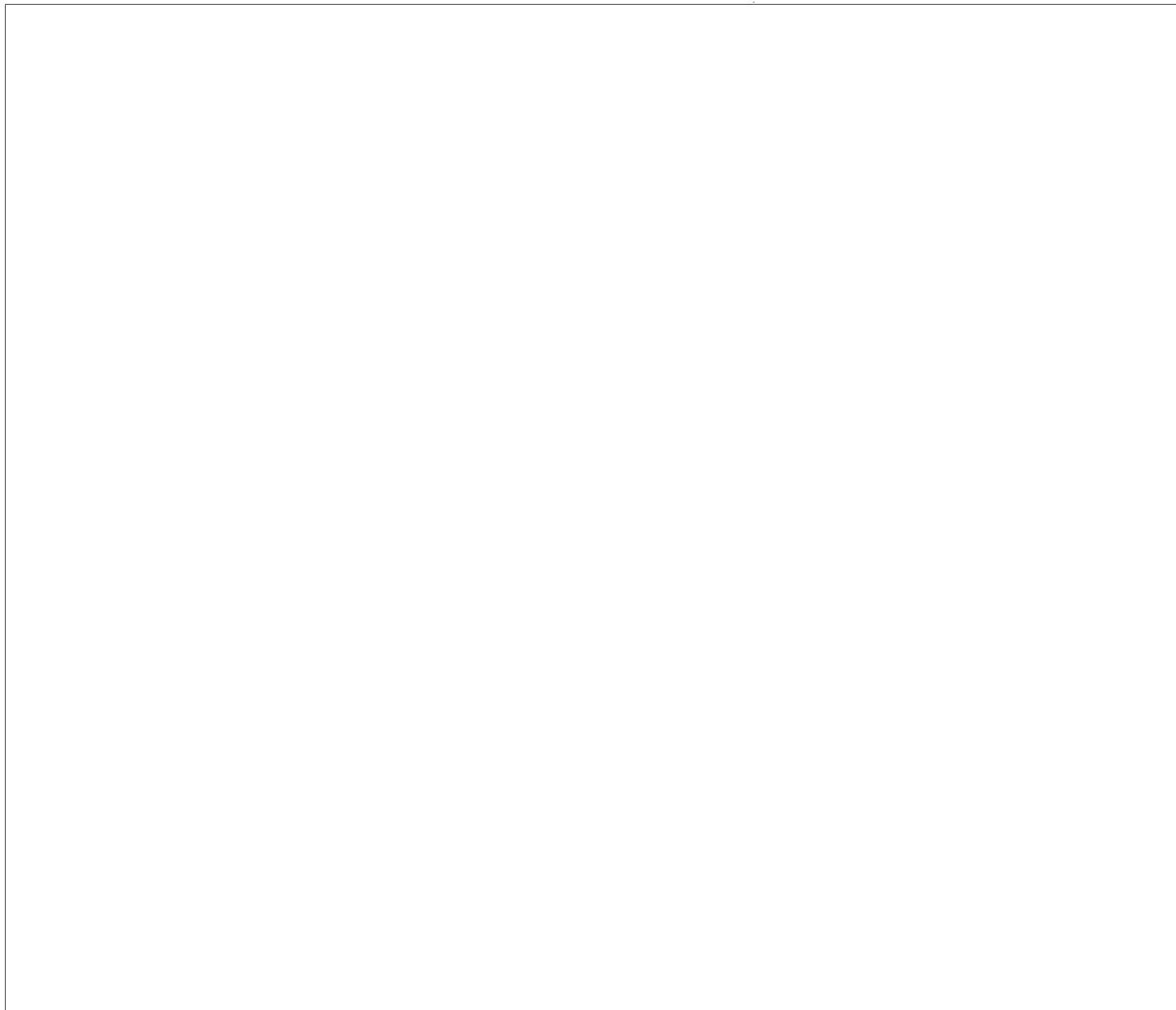
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## NEAR EAST - AFRICA

6. Reported resignation of Syrian minister suggests cabinet crisis is imminent:

The Syrian minister of public works, who in the past favored the Turkish-Iraqi pact, has resigned as a result of a difference with Prime Minister Asali and Foreign

Minister Azm over the proposed Egyptian-Syrian-Saudi Arabian pact, according to a pro-Iraqi editor in Damascus. The editor stated that this information had been confirmed to him by both the prime minister and the minister of public works.

The editor asserted that the resignation was the "first fruit" of renewed efforts by pro-Iraqi elements to bring about the fall of the Asali cabinet. He believed the cabinet would fall about the end of May.

The American embassy comments that the resignation and other signs of dissension within the cabinet point to a ministerial crisis after the post-Ramadan holidays at the end of May.

Comment: The reported resignation emphasizes the instability of the Asali government and suggests that a period of intense political maneuvering and foreign intrigue can be expected within the next few weeks. The fall of the cabinet would probably invite direct Syrian army interference in politics.

## EASTERN EUROPE

7. Pushkin insists East German government decide on road tolls:

Soviet ambassador Pushkin told the three Western ambassadors meeting in Berlin that the question of taxes on roads in East Germany was under the sole jurisdiction of the East German government, according to

Ambassador Conant. Pushkin specifically stated at one point that East Germany was "master of the roads" in its territory.

In Conant's opinion, the whole affair represents "a calculated and serious attempt" by the Kremlin to use the issue of access to Berlin to force recognition of East Germany.

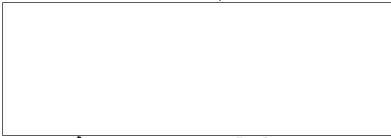
Conant also points out that the French ambassador went "dangerously far" in offering concessions to reach a compromise solution, and in fact "consciously or unconsciously" came close to the position of recognizing the competence of the East German government in the tolls question.

Comment: Pushkin's stand makes clear the determination of the Soviet Union to use the road tolls issue to force direct negotiations between the West and East German governments--negotiations which would be interpreted as de facto recognition of the East German regime.

The campaign of harassment measures by East German authorities against West Berlin can be expected to continue.

## WESTERN EUROPE

### 8. Comment on British strike situation:



A strike on 23 May by dockworkers in Britain's major ports is virtually certain, and a strike by railway engineers and firemen is threatened for 28 May.

Both actions are opposed by top trade union and Labor Party officials and are the results of inter-union disputes rather than of genuine economic grievances. The immediate impact will probably be to hurt Labor's chances in the 26 May general election.

A prolonged stoppage would cause severe economic damage, especially in Britain's vital export trade. However, present indications are that the dock strike may be short.

The powerful Trades Union Council has denounced the dockers. The Transport and General Workers' Union as well as tugmen and lightermen, who observed the principle of union solidarity in last October's dock strike, are prepared to oppose the action. The dockers' leaders themselves are evidently divided. The Communists, who are strong in the dockers' union and who directed the strike last October, are, for their own tactical reasons, not supporting the present work stoppage.

The National Union of Railwaymen, which represents the bulk of the railway workers, continues to oppose the strike threatened by the engineers and firemen. Such a walkout would effectively tie up the British railway system. [redacted]

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