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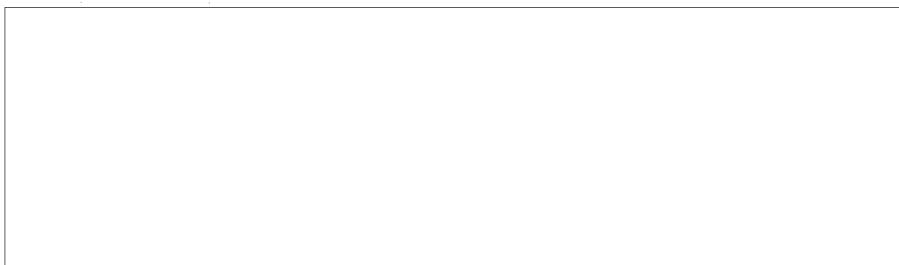
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1. COMMENT ON RESULTS OF ADENAUER TALKS IN MOSCOW

The Soviet-West German communique published in Moscow on 13 September revealed agreement to establish diplomatic relations and exchange ambassadors subject to approval by the Bundestag and the Supreme Soviet. It stated that trade discussions would be started in the near future. The communique itself did not refer to the issue of German prisoners in the USSR.

The Soviet Union, by winning its demand for establishment of full diplomatic relations, advanced its drive to win recognition of the existence of two German states. During the talks the Soviet delegation stated more bluntly than ever its insistence that German unity under NATO was impossible, and refused to accept Adenauer's demand that progress toward unity be a prerequisite to establishing relations. The rigid Soviet stand foreshadows a continuing stalemate on unification at the October Geneva foreign ministers' meeting. The agreement to establish relations will be described by Soviet representatives at the Geneva conference as an important stepping-stone toward a European security system.

The final conference agreement will probably be welcomed in West Germany even though Adenauer yielded on his minimum negotiating position to achieve it. Prior to the conference, Adenauer informed Western officials that he wanted only to exchange "diplomatic agents," and not ambassadors, in order to emphasize that normal relations could not exist until his nation was reunited.

Adenauer's yielding on this point and his failure to gain any agreement on unity will not provoke any sharp domestic response. The West Germans generally expected the conference to agree on establishing diplomatic relations without making any real progress on unity. Separate Soviet assurances on the release of German prisoners will be hailed as a personal triumph for the chancellor--this agenda subject being the most important domestically. Bonn will probably delay ratification of the agreement until Moscow has demonstrated its good faith by releasing a substantial number of prisoners at an early date.

2. NEHRU REPORTED TO PERCEIVE IMPROVEMENT IN US-INDIAN RELATIONS

Prime Minister Nehru recently told the Indian UN delegation that relations with the United States have grown much closer in the past six months, according to a statement made to the American

consul general

Nehru said that the United States sincerely wants peace, is a true democracy, and is basically anticolonial. Consequently, he said, India must feel closer to the United States and the West than to the Sino-Soviet bloc. He added, however, that New Delhi's policy of non-alignment is not to be abandoned.

Comment

There have been several reports from prominent Indians of pro-American statements by Nehru since his return from Moscow. Krishna Menon, Nehru's personal adviser on foreign affairs, has also defended the United States in public and private in recent weeks.

A change in India's attitude as suggested by these reports may result from increasing Indian consciousness of Sino-Soviet power in Asia, as well as from India's need for greatly increased foreign economic aid if the goals of its second Five-Year Plan are to be met.

3. BURMA INSURGENTS MAINTAIN CONTACT WITH CHINESE NATIONALISTS

Comment

The friendly relations between the Karens and the Nationalist irregulars, which deteriorated following the evacuation of several thousand Chinese to Formosa in late 1953 and early 1954, have apparently been restored.

This display of Taipei's interest in maintaining guerrillas in Burma probably reflects a Chinese Nationalist desire to maintain tension in the Far East.

4. FINNISH PRESIDENT OPTIMISTIC ABOUT FORTHCOMING VISIT TO USSR

[Redacted]

President Paasikivi is reportedly optimistic about his upcoming talks in Moscow. He hopes particularly for revision of the 1947 Treaty of Paris limiting the size of the Finnish armed forces, revision of the 1948 Treaty of Friendship and Mutual Assistance, and return of territory in the Porkkala and Karelia areas. Paasikivi believes the Finnish bargaining position is good because the Soviet Union wants closer ties with Finland.

Paasikivi intends to inform the Russians that the Finns will find it difficult to renew the 1948 treaty, which comes up for renewal in 1957, without some concessions along the lines above.

Comment Many Finnish officials predict that the 1948 treaty will have to be extended. They believe that thus far the treaty has not proved detrimental to Finland.

Finland's position as a neutral fits well into current Soviet policy for Europe, and the USSR is unlikely to make any major concessions or apply strong pressure during this visit in order to bind Finland more closely to the Soviet Union.