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SUMMARY

GENERAL

1. Ecuador apparently to receive Czech arms (page 3).

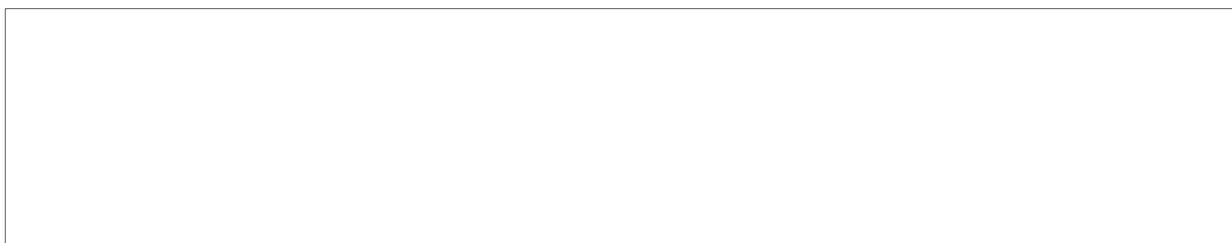
FAR EAST

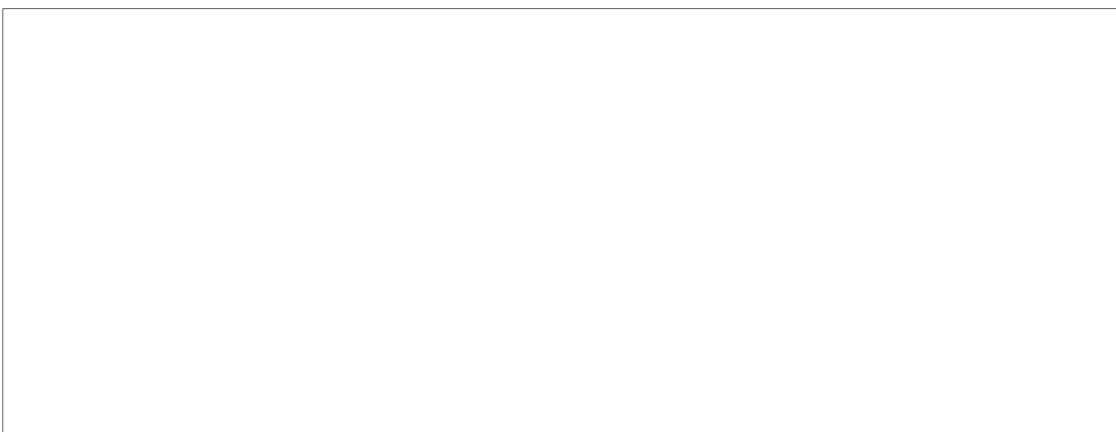
2. Establishment of major Chinese Communist naval command at Foochow indicated (page 4).

WESTERN EUROPE

3. West German parliament seen delaying Adenauer's recruitment bill (page 4).
4. Western European Union council drags feet on Saar (page 5).

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GENERAL**1. Ecuador apparently to receive Czech arms:**

Comment: Completion of a contract for 3,000 carbines, valued at \$188,000, would be the first significant Czech shipment of arms to Latin America since the spring of 1954 when arms were shipped for the Arbenz regime in Guatemala.

Czechoslovakia was especially interested in shipping "military techniques"--presumably arms--to Ecuador. Previously the Czechs had been reluctant to ship arms, despite Ecuador's interest in procuring them.

Interest in developing trade and expanding relations with Ecuador probably account for Prague's change in attitude. There has been virtually no trade between the two countries for more than two years.

Czechoslovakia, the Soviet bloc's major supplier of arms to underdeveloped Western countries, shipped spare parts for rifles and machine guns to Ecuador in 1952.

FAR EAST

2. Establishment of major Chinese Communist naval command at Foochow indicated:
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Comment: This development clearly implies that primary responsibility for Communist naval operations in the Formosa Straits rests with authorities at Foochow. It also suggests that naval strength at Foochow will eventually be increased considerably. [redacted]
progress has already been made in developing minor base facilities.

The Communists are expected to increase the scale of their naval operations in the Formosa Straits area, including the protection of coastal shipping, when new air bases are completed and air defenses strengthened. [redacted]

WESTERN EUROPE

3. West German parliament seen delaying Adenauer's recruitment bill:
- leading members of all coalition parties in the Bundestag feel that passage of the government's bill to provide for early recruitment of armed forces cadres will be difficult, if not impossible. The Bundesrat, or upper house, has already returned the bill, complaining that it is unclear on such important matters as civilian control of the armed forces.

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Comment: The present parliamentary opposition is mainly to the hastily drafted bill presented by Chancellor Adenauer and not to the government's long-range rearmament program. Many West German leaders feel that legislation covering the formation of the armed forces cadres should be drafted with greater care, since these cadres will have a vital influence on the future development of all the armed forces. Nevertheless it appears likely that the parliament will approve the recruitment bill, with some modifications, before its summer recess.

4. Western European Union council drags feet on Saar:

At the first meeting of the permanent council of the Western European Union, held on 9 June in London, no progress was made on the choice of a commissioner to exercise WEU's authority in the Saar because neither the French nor the West Germans wished to discuss the matter, American officials in London report. Furthermore, no candidates were proposed for the commission to supervise the prospective referendum on the French-German agreement of last October on the status of the Saar.

Comment: Appointment and activation of the supervisory commission will be necessary for inauguration of the three-month campaigning period which, under the French-German agreement, must precede the planned referendum. Both the French and Saar governments have hoped that this referendum could be held no later than September.