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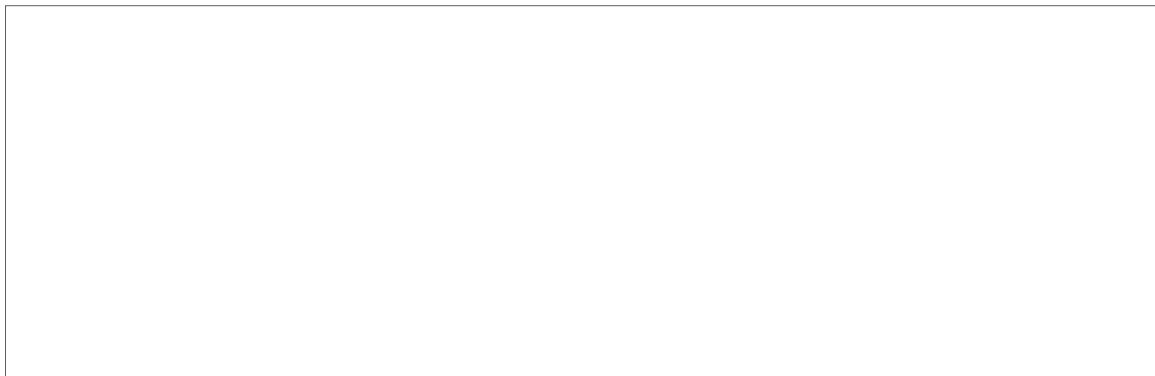
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Dept. review completed

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GENERAL

1. Comment on Bulganin-Nehru statement:

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The statement made by Premier Bulganin and Prime Minister Nehru on 22 June serves to re-emphasize a number of points often enunciated from Moscow and New Delhi, most of which Molotov included in his speech at San Francisco on the same day. It has provided the USSR with another opportunity to reaffirm its support for the Sino-Indian "five principles" and to endorse them in a formal statement, thereby partially filling a gap left by its nonparticipation at the Bandung conference. The Soviet Union will undoubtedly make effective propaganda use of the joint statement. In South Asia, however, the statement will probably be interpreted as a victory for Nehru.

Nehru's public endorsement of a ban on atomic weapons and his agreement that satisfaction of Communist China's "legitimate rights" in regard to Formosa should be sought by peaceful means are somewhat more strongly worded than has been the custom in official Indian pronouncements.

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SOVIET UNION

2. Soviet participation in Swiss air show canceled:

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Swiss sponsors of the Geneva air show have written off any idea of Soviet participation, according to Ambassador Willis in Bern. The USSR will, however, be represented by its minister of civil aviation and four air force officers.

Comment: Soviet officials had earlier indicated interest in matching American participation.

The USSR may have decided that technical difficulties in connection with the Geneva air show precluded a favorable display of its advances in air power. A display of air strength is still scheduled for the Soviet Aviation Day show in Moscow, which is expected to be held in July.

FAR EAST

3. USSR continues evasion on Japanese repatriation issue:

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In the fourth meeting of the Soviet-Japanese negotiators in London on 21 June, Soviet delegate Malik proposed that the question of the repatriation of Soviet-held Japanese, which Japan has demanded as a prerequisite to further negotiations, be settled simultaneously with the restoration of normal relations.

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Malik also complained that Tokyo's "unfair and twisted" publicity on the previous meeting was contrary to the joint understanding to avoid publicity.

Comment: Matsumoto's strong stand at the previous meeting regarding the repatriation of Japanese detainees has been supported by Japanese popular opinion.

Malik had previously insisted that the repatriation question could not be discussed before establishment of normal relations. His reluctance to furnish names of prisoners suggests that the USSR desires to delay the actual return of the prisoners, agreeing only to the principle of repatriation. It probably hopes to use the repatriates to get concessions from the Japanese in future negotiations.

His remarks concerning secrecy of the talks appear to reflect Moscow's sensitivity to the unfavorable reaction which the Soviet position at the 14 June meeting evoked in Japanese official circles and the press.

4. South Korea continues to violate aid understanding with United States:

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The South Korean government is intensifying its covert efforts to block the procurement of aid goods from Japan,

according to Ambassador Lacy. It has been making arbitrary decisions to disqualify Japanese suppliers on technicalities, and intimidating Korean importers and foreign businessmen who represent the Japanese.

Lacy met with a group of Korean importers who stated that they had been warned not to complain to the American authorities.

Comment: One of the key points in the US-South Korean minute of understanding which Rhee signed last November forbade discrimination against any non-Communist nation in the procurement of aid goods. Since that time, the Koreans have attempted to ignore or evade the provisions in the agreement to which they originally objected, particularly those relating to the exchange rate, the use of Korea's foreign exchange earnings, and the purchase of goods from Japan.

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NEAR EAST - AFRICA

6. Syrian chief of staff ready to oust anti-Western clique:

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Syrian chief of staff Shawkat Shuqayr is ready to "get rid" of Foreign Minister Khalid al Azm, remove Communists and members of the Arab Socialist-Resurrectionist Party from the army, and set up a new government in collaboration with the pro-Iraqi Populist Party, according to Nazir Fansa, co-owner of a prominent pro-Western Syrian newspaper.

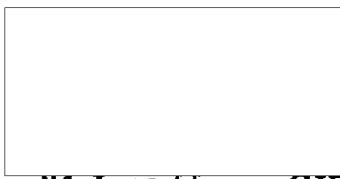
Shuqayr told Fansa on 19 June that his change of policy is made necessary by the increasingly bad situation in the army as well as in Syria itself. Fansa is now arranging a meeting between Shuqayr and the leader of the Populists.

Comment: The anti-Western clique, with Shuqayr's support, has dominated Syrian policy since February. Shuqayr's shift could be a most serious setback for them.

Shuqayr and the Populists, however, have yet to work out an accord. Negotiations between them are likely to be difficult, and unless they are kept secret, younger anti-Western army officers may be moved to act to the disadvantage of both Shuqayr and the Populists.

LATIN AMERICA

7. Comment on the Argentine situation:



In accordance with the top military authorities' efforts to persuade the public that "normalcy has returned," General Peron

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was publicized on 22 June under his full title of president and commander in chief of the armed forces for the first time since the 16 June revolt. At the same time Minister of the Army Lucero stated that the army, which had defended the "legitimately established authorities,"

was returning to its normal activities. Military control of the Argentine government, however, appears to continue. No progress seems to have been made in reported negotiations with the rebel navy.

Opposition to ousting Peron has been voiced by three top army generals including Lucero, according to information from usually reliable sources of the American embassy in Buenos Aires. These generals are said to fear a general strike, and to doubt whether any action against Peron would be countenanced by the professional noncommissioned officers, who have been favored by him.

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the army wishes to retain Peron until arms have been taken from the General Confederation of Labor (CGT) and the Nationalist Liberating Alliance, a pro-Peron rightist pressure group. CGT leaders, disturbed by rumors of Peron's resignation, are reported planning a general strike and a counterrevolution if necessary.

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