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20 March 1956

Copy No. 103

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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 051

NO CHANGE IN CLASS

DECLASSIFIED

CLASS. CHANGED TO: TS S C

NEXT REVIEW DATE: 2010

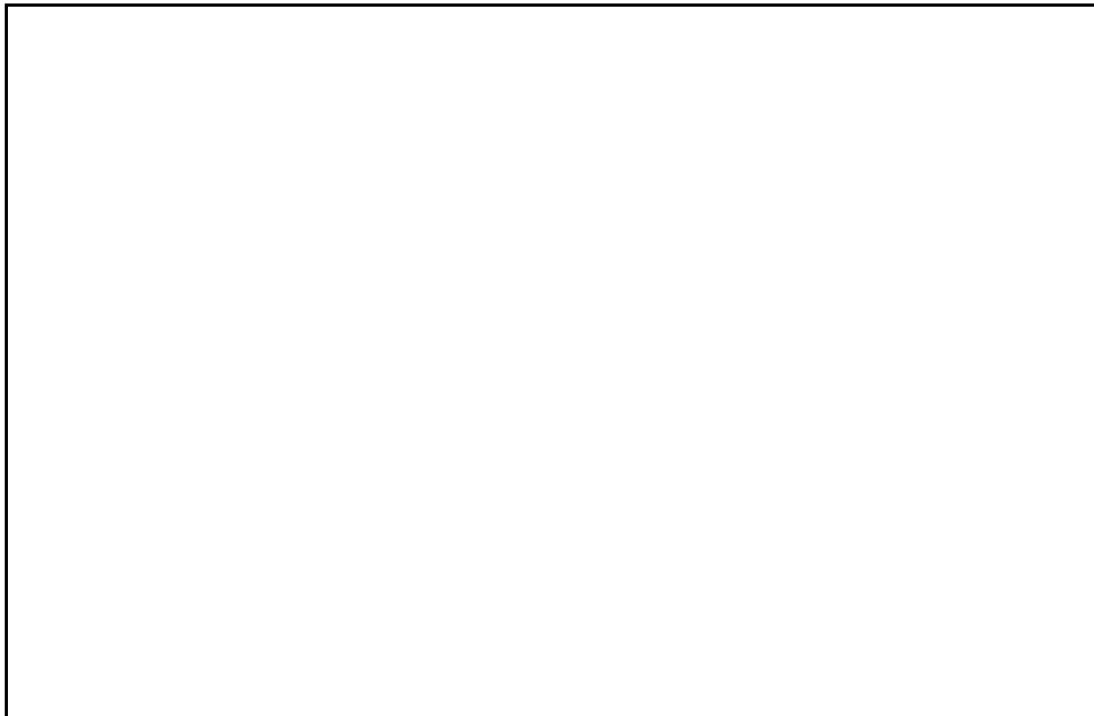
AUTH: HR 70-2

DATE: 14 Jan 80 REVIEWER: A small rectangular box used for redacting the reviewer's name.

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OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY

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State Department review completed

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Approved For Release 2002/11/19 : CIA-RDP79T00975A002400530001-6

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1. WEST GERMAN REARMAMENT SEEN STRETCHING
OUT TO POSSIBLY FIVE YEARS

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The American embassy in Bonn estimates that the West German military build-up may now be extended to five years instead of the originally planned three. Influ-

tial elements in West Germany oppose the sacrifices demanded by a rapid build-up and doubt the wisdom of conventional military forces in an atomic age. The embassy believes that the first conscripts will not be called until well after the 1957 elections, long after the date presently scheduled.

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Chancellor Adenauer has insisted to Ambassador Conant that to win the next elections his government must spend more money on social benefits than on defense.

Comment

The economic difficulties referred to by Adenauer are probably a less important factor in retarding the army build-up than recent changes in the international scene and various domestic political developments. The Defense Ministry has been deliberate in dealing with organizational problems, and Finance Minister Schaeffer has taken a very strong stand against appropriating any funds over the earlier estimate of 9 billion marks annually.

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2. PEIPING'S MINISTER OF FOREIGN TRADE IN CAIRO

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A Chinese Communist trade delegation to Egypt, headed by Peiping's minister of foreign trade, was received by Premier Nasr on 17 March.

The delegation is scheduled to remain in Egypt for three weeks to discuss Sino-Egyptian trade. The dispatch of the "cabinet-level" mission supports Communist China's effort to gain diplomatic recognition from Egypt.

The Chinese Communists gained their first foothold in the Middle East in August 1955, when they signed a three-year trade agreement with Egypt providing for the exchange of permanent commercial representatives. The recent visit to Cairo of a 71-man Chinese "cultural" mission, arrangements to open Communist China's commodity exhibition there in April, and Peiping's recent energetic propaganda support of Egypt's position in the Arab-Israeli dispute are further indications of the extent of the Chinese effort.

This Chinese Communist delegation will probably accept the recent invitation from the Sudan's foreign minister to visit Khartoum to discuss economic relations.

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**3. CHOU EN-LAI REPORTED TO HAVE ACCEPTED
INVITATION TO VISIT CAMBODIA**

Chou En-lai is reported to have accepted Prince Sihanouk's invitation to visit Cambodia and may go there in May. Since Sihanouk's return from his recent trip to Peiping, he has indicated an awareness of the Communist threat to Cambodian independence. He believes, however, that the best defense lies in being a "good friend" of Chou.

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A Cambodian official said the invitation was extended because of Sihanouk's personal affection for Chou, and that Sihanouk hoped to "hook" the Chinese premier on a statement promising noninterference in Cambodian affairs. On Sihanouk's recent visit to Peiping, he and Chou affirmed their adherence to the "five principles" of peaceful coexistence.

Chou's visit will enhance pro-Peiping sentiment among Cambodia's Chinese population and tend to solidify neutralist sentiment in Cambodia. It will probably also serve to facilitate economic relations between the two countries. In this connection, Sihanouk has stated that a Chinese offer of economic aid has been accepted "in principle" and that details would be negotiated in Peiping.

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**4. EAST BERLIN CLAIMS POLICE AND JUDICIAL AUTHORITY
IN ALL OF BERLIN**

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[REDACTED]

East Berlin has claimed police and judicial authority over all Berlin in the case of crimes committed in East or West Berlin, according to an East Berlin radio broadcast on 15 March. The radio re-

ported that this claim was made by the prosecutor at the trial of a West Berlin resident accused of arson in West Berlin who was subsequently arrested, tried, and convicted in East Berlin. The East Berlin prosecutor stated that "the people's police and the democratic judiciary" consider themselves responsible for maintaining law and order throughout the entire city.

Comment

This is the first time the East Berlin government has asserted the right to try persons accused of committing crimes in West Berlin. Heretofore, the police of the two parts of the city have exchanged criminals, who were then tried in the jurisdiction where the alleged crime was committed.

This claim of jurisdiction is a further assertion of East Germany's claim of sovereignty over all of Berlin. This claim may also have been made in justification of possible forays into West Berlin for the purpose of "arresting" West Berliners.

[REDACTED]

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5. BOLIVIA CLOSES BORDER WITH ARGENTINA

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[Redacted]

The Bolivian government is "unusually" apprehensive that Argentina may be arming Bolivian exiles for an invasion of Bolivia, to be co-ordinated with uprisings in La Paz and other major cities. A general alert of civilian and military personnel has been ordered; the Bolivian-Argentine border has been closed; and mail service between the two countries has been suspended.

President Paz asserts that the Communist Party of Bolivia has formed an alliance with the extreme rightist Bolivian Socialist Falange to foment disorders and support the conspiracy.

Comment

The Bolivian exiles in Argentina, reportedly led by ex-president Enrique Hertzog, would appear to have little chance of success if they attempted such an invasion.

The Bolivian government's concern could be a pretext to postpone elections and delay the release of political prisoners whose freedom has been promised before elections are held. While President Paz and other high government officials have insisted that presidential and congressional elections will be held, presumably in May or June, no date has been set.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 19 March)

A clash between Israeli and Jordan
Arab Legion patrols was reported by Israel on 19 March.
Egypt claims Israeli forces have again fired on an Egyp-
tian position in the Gaza strip.

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