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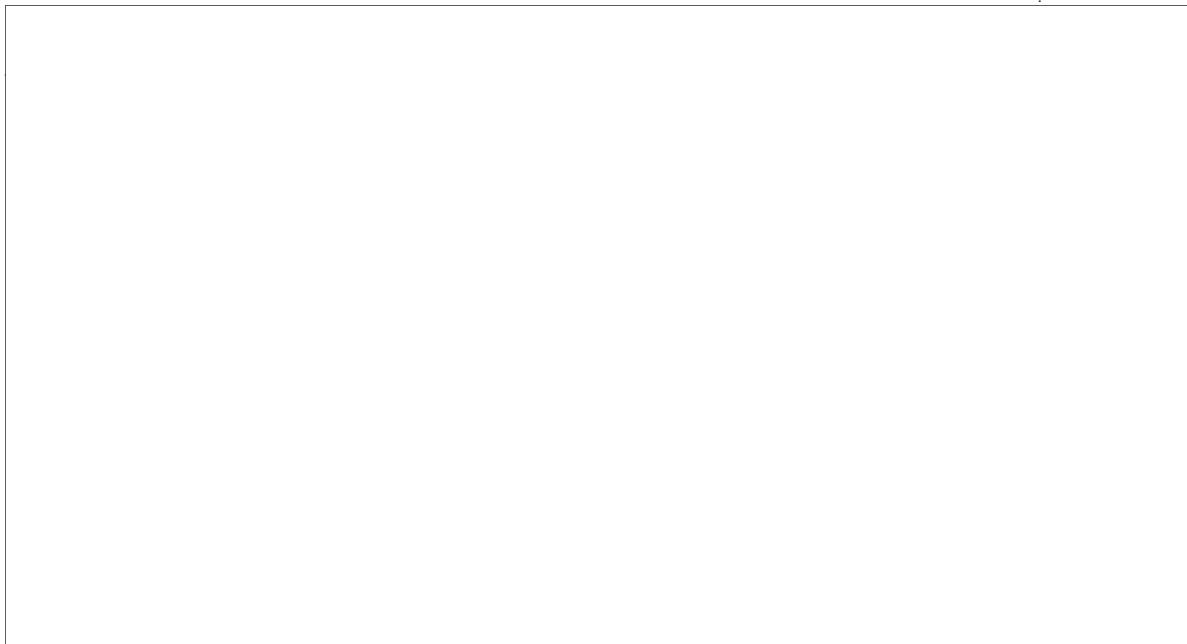
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GENERAL

1. Nehru sees room for "private" negotiations on Formosa question:



Comment: Nehru's attitude indicates that he feels the Formosa issue can be resolved by discussion and that he is willing to undertake an intermediary role such as he assumed on the Korea and Indochina problems. According to press reports, Nehru received a full briefing from Chinese Communist diplomats in New Delhi just before he left for London on 28 January.

Peiping might not reject an effort by the United Nations or an Asian state or states to find a settlement. The most recent Chinese Communist comment on the possibility of UN action hinted at a willingness at least to discuss it, and Peiping's past diplomatic successes with Asian leaders might lead it to believe that an Asian body would work to the Communists' advantage.

SOVIET UNION

2. Comment on significance of coming Supreme Soviet session:

The meeting of the Supreme Soviet of the USSR scheduled for 3 February is likely to have more than ordinary significance. The delegates were summoned on extraordinarily short notice and the session will be held about a month earlier than usual. Speculation that the Supreme Soviet will hear important policy statements previously approved by a meeting of the party's all-Union central committee is strengthened by the recall to Moscow at this time of three Soviet ambassadors who are members of this committee.

Perhaps most significant is the timing of the meeting with regard to major policy questions. The relative priority of heavy versus light industry has just been restated with strong emphasis on heavy industry, and the prospect of French and West German ratification of the Paris agreements is presumably causing serious concern. Soviet leaders, therefore, will probably use the session as a forum for major speeches clarifying present policy. Their presence and activities may also provide clarification of the current leadership situation.

Since the Supreme Soviet session was announced as a "regular" session, it will probably consider the all-Union budget for 1955, approve the interim actions of its own presidium--such as the 25 January decree ending the state of war with Germany, and possibly hear the broad outlines of the Sixth Five-Year Plan to begin in 1956. In addition it may formally ratify the 2 December declaration of the Moscow conference of Satellites and "approve" a report by Foreign Minister Molotov on foreign policy. However, the Soviet government will probably not undertake any commitment for action after ratification of the Paris agreements. Present threats and promises, however, will probably continue.

FAR EAST**3. Chou En-lai seen willing to release American airmen to relatives:**

[Redacted]

UN secretary general Hammarskjold has expressed the hope that it will be possible in the future to permit relatives of detained Americans to travel to Communist China. He has the clear impression

that Chou En-lai intends to release some of the prisoners in custody of their relatives in an attempt to re-establish the "humanitarian" position of China.

One of Hammarskjold's assistants says this impression of Chou's position has been supported by both the Soviet and Polish delegations at the United Nations.

Comment: Chou's invitation to the relatives on 21 January suggested an intention to release at least some of the prisoners within a few months in an effort to conciliate world opinion. Peiping may feel, however, in the light of President Eisenhower's message to Congress and current comment on it, that to free any Americans at this time would be interpreted as a sign of weakness.

NEAR EAST - AFRICA

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WESTERN EUROPE

5. Soustelle appointment may weaken Mendes-France government:

The appointment on 26 January of Jacques Soustelle as governor general of Algeria may weaken the position of the Mendes-France government during the forthcoming North African debate, rather than strengthen it as the premier had hoped, according to the American embassy in Paris. There is much discontent in the National Assembly over the appointment.

The premier is said to be planning to get Soustelle to Algeria as fast as possible so that he can make a major speech there before the opening of the assembly debate on 2 February.

Comment: Mendes-France is hoping for the support of those deputies who, although opposed to his general program, are willing to keep him in power until the Council of the Republic acts on the Paris accords.

The premier apparently still expects the appointment of Soustelle to Algeria and of two other Gaullists to the cabinet to win over a majority of the 36 Gaullists who have refused to back him on earlier North African votes. If, as seems likely, this maneuver is successful, it should enable him to offset threatened desertions among center and left elements of his support in the expected confidence vote.