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SUMMARY

GENERAL

1. Communist China is first country to establish regular air service into the USSR (page 3).

FAR EAST

2. Japan consulting US regarding attendance at Afro-Asian Conference (page 5).
3. Comment on intensification of Peiping's propaganda to Japan (page 5).

SOUTHEAST ASIA

4. French offer to construct Cambodian seaport (page 6).

NEAR EAST - AFRICA

5. Israel proposes compromise on disposal of ship seized by Egypt (page 7).

WESTERN EUROPE

6. Paris accords may be delayed in French upper house (page 8).

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GENERAL

1. **Communist China is first country to establish regular air service into the USSR:**

The Sino-Soviet air service agreement signed in Peiping on 30 December provides for the establishment of air service by both Chinese and Soviet civil planes from Peiping to Moscow, Alma Ata and Chita, according to the official New China News Agency.

Comment: This will be the first foreign scheduled air service into Soviet territory. Until 1 January, service between the Chinese capital and the USSR was a monopoly of SKOGA, the Sino-Soviet joint stock airline which has been turned over to the Chinese. In the past, this airline was virtually controlled and operated by the Soviet Union.

Other new flight schedules announced at the same time double the mileage flown per week south of Peiping. They indicate that the Chinese airline is using some of its newly acquired SKOGA aircraft and equipment to expand domestic operations in southern areas of China.

A Soviet speaker at the signing ceremony in Peiping on 30 December said that Chinese airliners would "shortly" be flying to "capitals of various neighboring countries." This may refer to Chinese plans to initiate air service to South Asian countries, as Ulan Bator in Mongolia is the only neighboring capital to which Chinese planes now fly.

TOP SECRET
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FAR EAST**2. Japan consulting US regarding attendance at Afro-Asian Conference:**

[Redacted]

Japan intends to consult closely with the United States on whether to accept an invitation to attend the conference of African and Asian countries scheduled for next April. This statement was made to Ambassador Allison by Foreign Minister Shigemitsu's top adviser who said that the Japanese did not wish to be coupled with Communist China in the invitation.

Allison states that this is the first implementation of Shigemitsu's promise that the Hatoyama government would consult the United States before it took any measures which might involve a relationship with Peiping.

Comment: In trade matters, the Hatoyama government has assumed a more independent attitude than its predecessor, making its own decisions without reference to American views. Since the proposed conference appears to be primarily political in nature, however, the Japanese apparently wish to cooperate more closely with the United States on political matters than was suspected at the time of the formation of the new government.

3. Comment on intensification of Peiping's propaganda to Japan:

[Redacted]

A Chinese Communist effort to influence forthcoming Japanese elections is indicated in a Peiping People's Daily editorial of 30 December on the subject of normalizing relations between Peiping and Tokyo. The Chinese Communist Party newspaper praised the position of the two Japanese Socialist parties in calling for the restoration of diplomatic relations and expansion of trade with the USSR and Communist China.

The strategy of the Communists, both international and domestic, appears to be to aid the Socialists in

the elections as a step toward the eventual establishment of a Socialist government, dominated by strong neutralists and Communist sympathizers.

In addition to the recent Orbit overtures for diplomatic relations, [redacted] the Chinese Communists have contributed financial support to the Japanese Socialists and have instructed the Japan Communist Party to support candidates of other parties when those candidates seemed amenable to the Communist line and were likely to win.

The editorial went beyond earlier statements by Peiping in attacking the charge that Japan must sever relations with the United States if it wants to resume normal relations with Communist China and the Soviet Union. [redacted]

SOUTHEAST ASIA

4. French offer to construct Cambodian seaport:

[redacted]

The French chargé in Phnom Penh has told the Cambodian foreign minister that "France will give Cambodia a port on the Gulf of Siam within a year and a half." This statement was made after a conversation between the French chargé and Ambassador McClintock, during which McClintock disagreed with the chargé's contention that construction of such a port would require at least two years, and stated that the political situation in Vietnam required its completion within one year or at most 18 months.

A Cambodian official has observed to McClintock that all the Cambodians need do when they want certain aid is to hint to the French that the United States has already promised it to them.

Comment: The Cambodians' longstanding desire for a seaport derives principally from their fear of being dependent on the Vietnamese-controlled port of Saigon, now their only satisfactory outlet. This fear has increased since the Geneva agreement.

A satisfactory site for a port has been located near the town of Ream. The principal obstacle to its development is the lack of communications with the main producing centers in the interior. The American aid mission believes this obstacle can be overcome, and has attempted to meet the problem through joint French-American action.

Ambassador McClintock has speculated, however, that the French aim may merely be to frustrate American efforts and thus serve to perpetuate French influence in Cambodia.

NEAR EAST - AFRICA

5. Israel proposes compromise on disposal of ship seized by Egypt:



Israeli UN delegate Kidron told the American delegation on 30 December that Israel would withdraw the question of the Israeli ship Bat Galim, to be considered at the UN Security Council meeting scheduled for 4 January, if Egypt would turn the ship over to its original crew at some point north of the Suez Canal.

Kidron also stated that Egypt's present intentions regarding release of the ship and crew were completely unacceptable to Israel. If Cairo carried out such plans, he said, Israel would continue to harry Egypt in the Security Council.

Comment: Israel has previously insisted on the release of the Bat Galim, crew and cargo as a unit to proceed through the canal.

Egypt has remained adamant in its refusal to permit the ship to pass through the canal on any pretext, and it is, accordingly, unlikely that Cairo will accept this latest Israeli compromise.

~~TOP SECRET~~

WESTERN EUROPE

6. Paris accords may be delayed in French upper house:

[Redacted]

Mounting public hostility in France to German rearmament could result in a delay or an adverse vote on the Paris accords in the French Council of the Republic, unless Premier Mendes-France urges the council to start the ratification procedure as soon as possible, [Redacted]

[Redacted]

Comment: The Council of the Republic has on occasion delayed legislation by rejecting assembly measures. However, a favorable vote on the Paris accords is expected on first reading within the two-month period provided by the constitution. Earlier action is within the competence of the council but is not considered likely.

The council could constitutionally delay action until late May, but cannot prevent eventual ratification of the accords. An adverse vote would, however, reopen the entire question of German rearmament in the National Assembly.