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~~TOP SECRET~~

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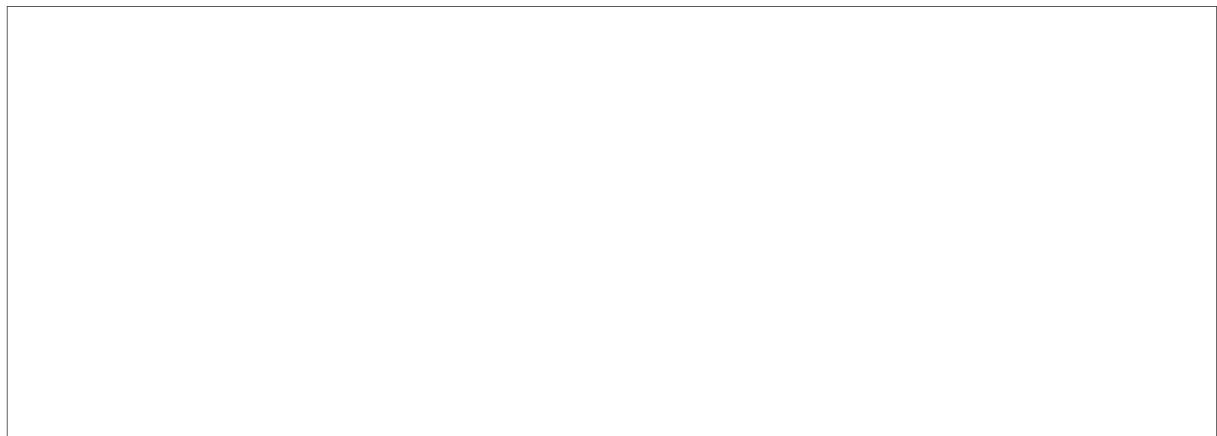
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GENERAL

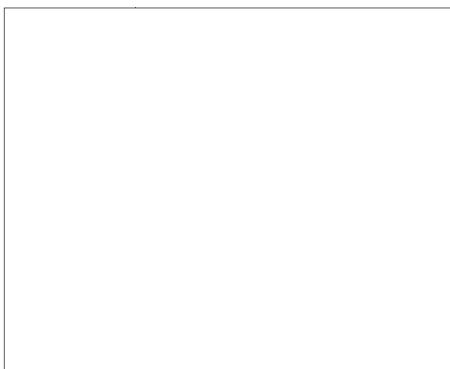
1. Warsaw presses for relations with Tokyo:



Comment: This is a follow-up to Polish advances made in December. It coincided with the latest Soviet overture in Tokyo for negotiations on the resumption of relations. Moscow has probably been utilizing the Poles, who have no unresolved disputes with Japan, to set a precedent for diplomatic exchange without first negotiating a peace treaty.

The Japanese Foreign Ministry has indicated it will seek to defer discussing the subject with Poland until negotiations with Moscow are concluded, and until after the Japanese elections.

2. Finnish tanker to load kerosene in Black Sea for China:



The captain of the Finnish tanker Aruba, which has just entered the Black Sea, stated at Ankara that the vessel was going to Communist China. A report of late January from Helsinki stated that the vessel had been chartered to load 15,000 tons of kerosene at Constanta in the Black Sea for delivery to Whampoa in South China.

Comment: This is the first attempt by a non-Orbit tanker to deliver petroleum products to China since the unsuccessful effort of the Finnish tanker Wiima in early 1953.

The Chinese have had difficulty recently in fulfilling growing oil requirements in South China and North Vietnam, and a tanker delivery to Whampoa would reduce the volume to be supplied by rail from the north. (Concurred in by ORR)

FAR EAST

3. Communist attack on Quemoy seen following occupation of Tachens group:

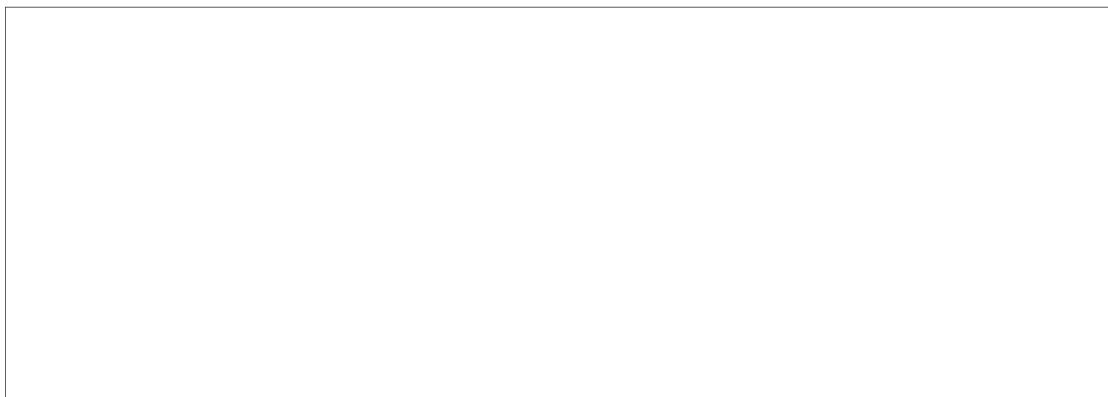
American military advisers in Taipei believe the Chinese Communists will next attempt to take Quemoy after they have occupied the islands in the Tachens area now being evacuated by Nationalist forces.

The belief that Quemoy is next on the Communist schedule is based on several facts: the Communists have recently improved the road net and constructed new artillery positions in the Quemoy area, have apparently increased supply and troop movements on the mainland near Quemoy, and have intensified reconnaissance of Nationalist positions there.

Comment: Current Communist activity in the Quemoy area does not necessarily indicate an early attempt to take the island. As Quemoy is garrisoned by 50,000 Nationalist troops, an invasion would be a costly venture.

Moreover, the Communists are almost certainly in doubt as to American intentions with respect to defending Quemoy. They are therefore expected to undertake probing actions to determine the extent of the defense before attempting an invasion.

4. Romulo sees Communist aim as winning Formosa by political means:



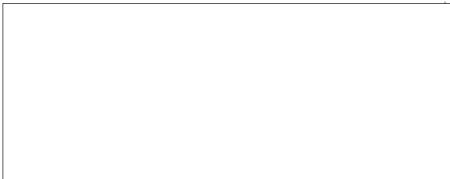
Comment: Peiping's "liberation" campaign appears to be motivated by its conviction that it can force the US to choose between modifying its commitments to Nationalist China or risking political isolation on this issue.

It is doubtful that Peiping expects to annex Formosa by diplomatic means, but the Chinese Communists apparently do expect subversion to be a factor. Peiping has publicly and privately stated that the island will fall through a combination of military action and internal uprisings.

The Chinese Communists have repeatedly declared that they will not accept the "neutralization" of Formosa. The Communists are expected to exploit the hope of settlement in order to induce the United States not to defend offshore island groups still held by the Nationalists, but there is little or no prospect that Peiping will alter its determination eventually to "liberate" Formosa.

SOUTHEAST ASIA

5. French seek to retain control of Cambodian army:



Commissioner General Ely told the American minister in Saigon on 9 February that France desires the Cambodian

army to be trained by a joint French-American training mission, with the French having "primary responsibility." Ely said France would disapprove of any American effort to have Cambodia ask the United States to take over training responsibilities.

Comment: The plan advanced by Ely is probably intended as a compromise measure to prevent a bilateral US-Cambodian military training agreement providing for exclusively American aid. The Cambodian prime minister indicated to the American minister in Phnom Penh on 10 February that his government had been under intense pressure from the French high commissioner in Cambodia to delegate entire responsibility for training the Cambodian army to the French military mission.

SOUTH ASIA

6. Pakistani government will ignore challenge to its legality:

The Pakistani government will pay no attention to a provincial court's ruling of 9 February that the governor general's action on 24 October seizing overt control and dismissing the Pakistani Constituent Assembly was illegal, according to statements made publicly by Interior Minister Mirza on 10 February. Mirza added that if the federal court upheld the 9 February decision, it too would be ignored.

Mirza's press statements said the government is determined to maintain law and order and will take whatever steps are necessary to achieve this object. In no circumstances will any form of disruption be tolerated from any quarter.

Comment: This indicates that the government will probably remain in power regardless of the current challenge to its legality. Its members are obviously prepared to rule unconstitutionally if necessary. There is no individual or group in Pakistan currently strong enough to overthrow them.

WESTERN EUROPE

7. Chances seen lessening for unqualified French council approval of Paris accords:

The French Council of the Republic is sure to ratify the Paris agreements, but ratification without amendments is no longer certain, in the opinion of Senator Debré, who is responsible for reporting the agreements out of the council's Foreign Affairs Committee.

According to the American embassy in Paris, Debré believes there is a greater likelihood of amendments now, largely because well-organized pressure against approval of German rearmament has begun to influence the senators.

Debré believes council debate on the accords may open on 8 March, "if all goes well." The Foreign Affairs Committee has completed its study, but is waiting to sound out the new government on East-West problems before deciding whether to recommend approval without amendments.

Comment: Addition of an amendment by the council would require return of the accords to the National Assembly, where reapproval is now uncertain.

Debré is believed favorable to the agreements, but his report to the committee raised several objections which will require an extensive exchange of views with the new government before the ratification bill reaches the council floor. The position of the new premier will probably be the determining factor in the council's decision.

LATIN AMERICA

8. Highly placed Panamanians rumored seeking establishment of government junta:

Rumors persist that certain highly placed Panamanians fear further revelations in the Remon murder case and are seeking

the establishment of a government junta to prevent such a development, the American embassy in Panama reports.

Comment: The political situation in Panama is highly unstable. [redacted] painted the picture as "a circle of rascals and thieves, each holding a gun at the other's head and fearful that if one pulls a trigger they will all go off."

There have been some indications that Bolivar Vallarino, commandant of the National Guard, may have been involved in the murder of President Remon. [redacted]

[redacted] Ruben Miro, confessed assassin of President Remon, had repudiated his confession and declared he was forced into it by Vallarino. [redacted]