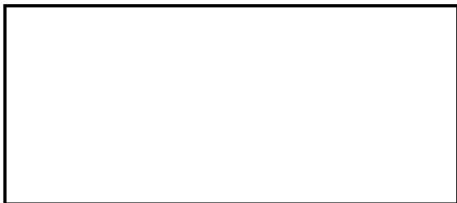


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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 22
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 17 JAN 1955 REVIEWER: 

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Office of Current Intelligence

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State Department review completed

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Approved For Release 2004/03/11 : CIA-RDP79T00975A002300220001-1

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1. TENSION RISING IN JAPAN OVER SOUTH KOREAN THREAT

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ANSWER

Ambassador Allison believes that the United States can no longer remain aloof from the Japanese-South Korean dispute over the "Rhee line" because

of the widespread feeling in Japan that the United States should be held responsible for South Korea's actions. Tension has risen since South Korea's threat to fire on Japanese vessels crossing the line. Government leaders are being subjected to bitter criticism in the Diet for their "do nothing" attitude. Fishing interests are demanding armed escorts for their boats and immediate action to secure the release of detained boats and fishermen.

Foreign Minister Shigemitsu has told Allison, however, that Tokyo is determined not to use force. He said that Japan would appreciate United States intervention, and that Japan would be willing to negotiate a fisheries conservation agreement with South Korea.

Comment

South Korea now holds about 650 Japanese fishermen and 300 vessels seized in international waters between Japan and Korea.

South Korea claims to be willing for the US to mediate but continues to insist that Japan must concede on the Rhee line and other disputed issues before further talks are held.

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2. NEW SOVIET-BURMESE AGREEMENT

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A new Soviet-Burmese agreement, announced on 7 December, which provides for agricultural and industrial assistance to Burma in exchange for rice, marked the termination of the Bulganin-Khrushchev visit. Burma has also accepted a Soviet offer to set up a technological institute as a "gift," and has reciprocated with a "gift" of rice.

The Soviet Union's expressed willingness to permit deferred payment in rice for the goods and services it will provide suggests that it envisages a program for Burma substantially larger in scope than could be covered by arrangements under the existing three-year barter agreement. Under this agreement the USSR annually takes up to 200,000 tons of Burmese rice. The Burmese minister for trade development recently told Ambassador Satterthwaite that the Russians had offered to take "every grain" of Burma's rice. At the same time, however, he indicated a preference for cash sales to non-Communist countries.

The proposed aid program could greatly enhance Soviet influence in Burma. The Soviet effort will be supplemented by the Chinese Communists, who already have sent textile technicians to Burma and are expected to send other specialists in the near future.

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**3. HUNGARIANS REPORTEDLY RELEASE PRISONERS
JAILED ON PRO-TITO CHARGES IN 1949**

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[Redacted]

The French minister in Budapest has informed the American minister that about 30 Social Democrats jailed in connection with the Rajk trial have just been released. One of those released, Pal Justus, one-time theoretician of the Social Democratic Party, reportedly has been seen in public.

The French legation has also received a report that local party officials in Szeged recently received instructions from the central committee, which placed the entire blame on the Rajk trial on Gabor Peter.

Comment This is the first known release of anyone publicly convicted in the Satellite anti-Tito trials held from 1949 to 1952. Pal Justus, one of seven Hungarians tried with Rajk in 1949, was charged with working for Yugoslav intelligence in Hungary in an effort to foster national communism and received a life sentence.

The Hungarian leadership has publicly blamed Gabor Peter for the bad relations with Yugoslavia and during the past 15 months has quietly released several important individuals who never received public trials but who were arrested in connection with the Rajk trial. These efforts have been insufficient to satisfy the Yugoslav prerequisites for "normalization" set forth in Tito's 27 July speech in Karlovac.

If the French minister's report is true, Hungary may be preparing to announce publicly that the Rajk trial was a mistake foisted on the leaders by Peter. Such an admission would probably satisfy one of the main Yugoslav complaints against Hungary. The Hungarians may believe that settlement of this issue would improve their bargaining position with reference to Yugoslav financial claims.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 8 December)

Nothing of significance to report.

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