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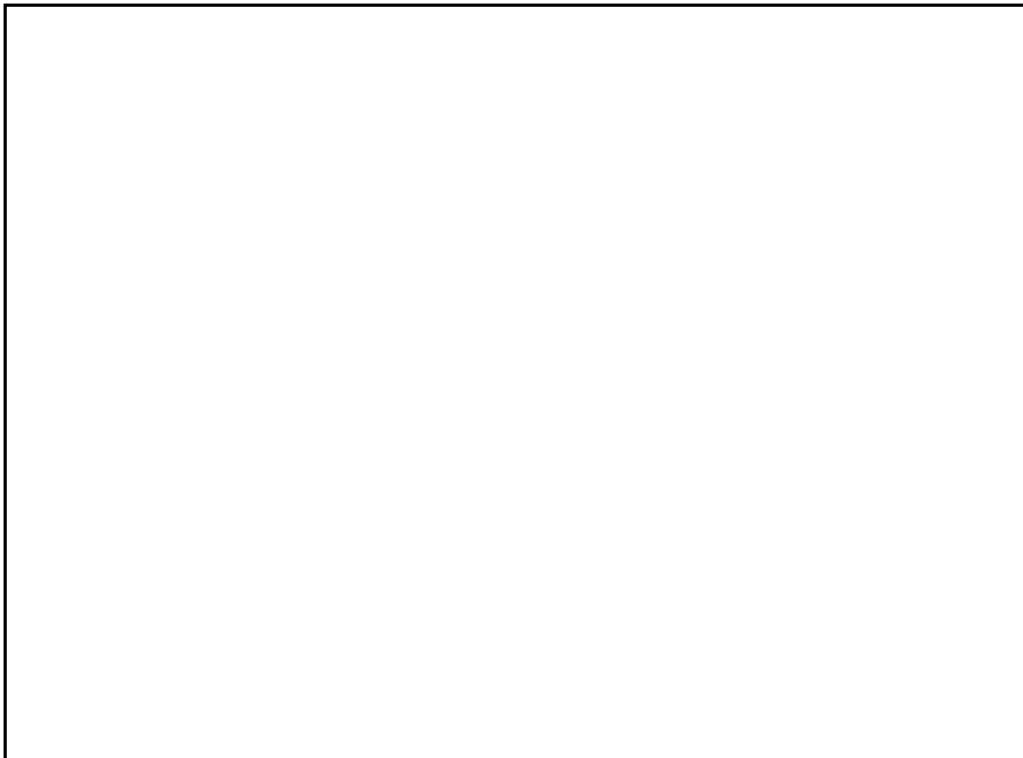
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**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**

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State Department review completed

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1. INDIA CRITICIZES US-SPONSORED ASIAN REGIONAL NUCLEAR CENTER

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India may hope to see the Asian regional nuclear center in Manila turn into a basically US-Philippine project so that it can later disown the project and develop a "real" Asian center of its own, according to American nuclear experts now visiting in India.

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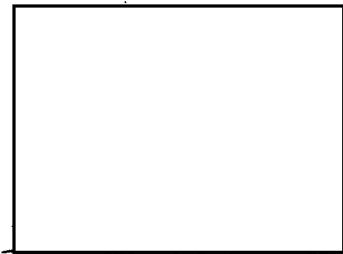
Comment

The USSR has expressed willingness to aid India and other Asian nations in nuclear development. An Indian nuclear center, making use of Soviet scientific knowledge, would be a valuable asset in New Delhi's drive for the leadership of Asia. It would also have considerable appeal to some of the Asian countries disappointed by their failure to get the US-sponsored center located within their own borders.

India has two atomic reactors already under construction and one more is planned. It also possesses large monazite deposits, a source of thorium, and Dr. Bhabha, head of the Indian Atomic Energy Commission, estimates that India will soon have 700 trained nuclear scientists.

**2. INDONESIAN CABINET DECIDES TO FORM WEST
IRIAN "PROVINCE"**

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The Indonesian cabinet decided on 25 April to draft a bill making a "province" of West Irian (Netherlands New Guinea), according to the American embassy in Djakarta. Prime Minister Ali told an embassy officer that

West Irian affairs are being handled for the time being through his own office.

Comment

Indonesia is unlikely to make any further effort to negotiate its claim to Netherlands New Guinea following the failure of the Dutch-Indonesian conference in December 1955 and Indonesia's subsequent decision to abrogate all existing agreements between the two countries. The decision to establish a provincial government-in-exile was publicly announced in parliament on 9 April.

These steps probably mark the beginning of an intensified diplomatic and propaganda campaign in support of Indonesia's claim to West Irian. They also foreshadow a resumption of paramilitary operations.

It is likely that Indonesia's claims to West Irian will be emphasized by President Sukarno during his forthcoming visit to Washington.

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3. SOVIET-BRITISH COMMUNIQUÉ

Comment on:

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The failure of the British and Soviet leaders to reach agreement on any of the major topics discussed is reflected in the joint communique of 26 April and the statements of the Soviet leaders at a press conference on 27 April. The communique indicated no agreement on disarmament or European security. In an annex to the communique, the British reaffirmed their position on German unification.

Khrushchev stated at the press conference that the USSR would be willing to join in a UN ban on arms shipments anywhere in the world, implying that any agreement to curtail arms shipments from the Soviet bloc to the Arabs would be contingent on an agreement by the West to curtail such shipments to Baghdad pact members.

Moscow's agreement to join in seeking a solution to the Arab-Israeli dispute on a basis acceptable to both sides is another attempt to emphasize its "impartiality" in the dispute, but does not preclude Soviet support for the Arabs in any future negotiations. The statement reaffirms that Moscow considers the UN Security Council the proper body to seek a solution to the Arab-Israeli dispute.

The Soviet claim, contained in the joint communique, that the USSR could increase its imports of British goods to about \$2,800,000,000 during the next five years in the absence of trade restrictions was apparently designed chiefly to undermine Western trade controls. The USSR implied that ships would account for a substantial amount of the proposed Soviet order. To reach this level, Soviet imports would have to increase about sixfold and British imports from the USSR would also have to increase substantially.

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While it is unlikely that Soviet imports will approach \$2,800,000,000, a substantial increase is possible, since the USSR at present exports to Britain about twice what it imports.

In an agreement on increased exchanges with Britain, the USSR has gone farther than in the past in committing itself to supporting freer exchange of information and visits. Although the USSR refused to include in the communiqué a reference to jamming or to the artificial ruble exchange rate, British officials are hopeful that Moscow will make some concessions on these questions.

25X1A [redacted] (Concurred in by ORR)

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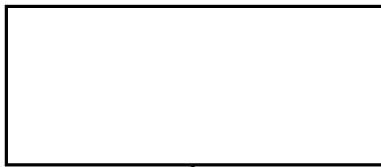
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5. SAUDI ARABIA PURCHASING LARGE QUANTITIES OF ARMS

Comment on:

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Saudi Arabian arms negotiations with Egypt and several European nations indicate that Saudi Arabia, while continuing to refuse Soviet bloc arms, may contemplate less reliance in the future on the United States as a source of arms and combat aircraft.

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\$30,000,000 worth of arms of British manufacture, including 25 Vampire jet fighters, are being procured from Egypt.

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Under the agreement for the use of the large Saudi air base at Dhahran, due for renewal in June, the United States has been the principal supplier of arms and equipment in furtherance of King Saud's program to create a small modern army and air force. The quantities of arms and equipment obtained from Egypt, and now being sought in Europe, appear to approximate the requirements in many categories of Saud's military development program. If Saudi Arabia acquires arms from these sources, the Saudi position will be strengthened in the forthcoming talks with the United States for renewal of the Dhahran base agreement.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 27 April)

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According to a United Nations truce observer, Syria agreed, after much discussion with Secretary General Hammarskjold, to an unconditional cease-fire agreement, rather than the conditional agreement as announced in the press. Ambassador Moose comments, however, that Syrian officials continue to consider the question of a cease-fire inseparable from that of Israeli intentions regarding resumption of the Banat Yacov canal project even if these two questions have been separated for purposes of negotiations.

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