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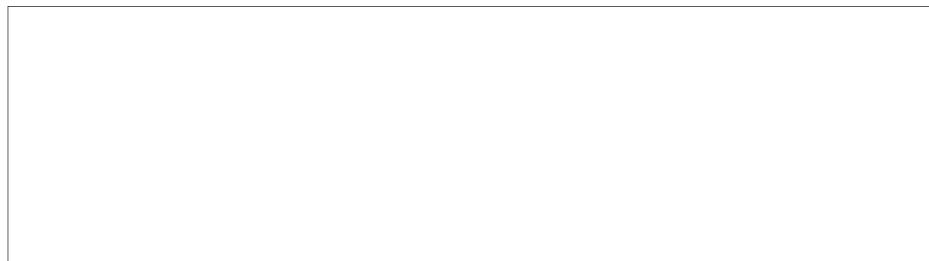
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1. SOVIET JOURNALISTS EXPRESS VIEWS ON GENEVA CONFERENCE AGENDA

[Redacted] Soviet journalists in Geneva have expressed the view that little progress can be made on the question of Germany and that East-West talks should be addressed to other issues "that require immediate attention," the Middle East in particular and also the Far East.

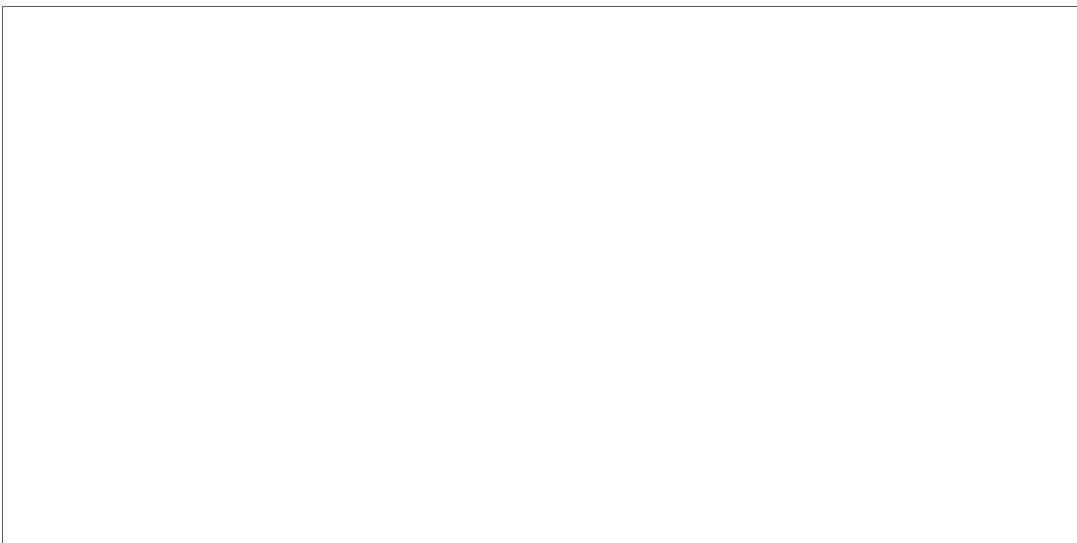
When reminded that the foreign ministers conference had been called to discuss Germany and European security, one of the journalists replied, "You cannot remain fixed when events have run away from an agenda established last summer." He said that if the United States introduced the question of the Middle East even informally at Geneva, the USSR would propose a conference. Reverting to Germany, he said, "We have plenty of time."

Comment

These remarks probably reflect the views of high-level Soviet officials.

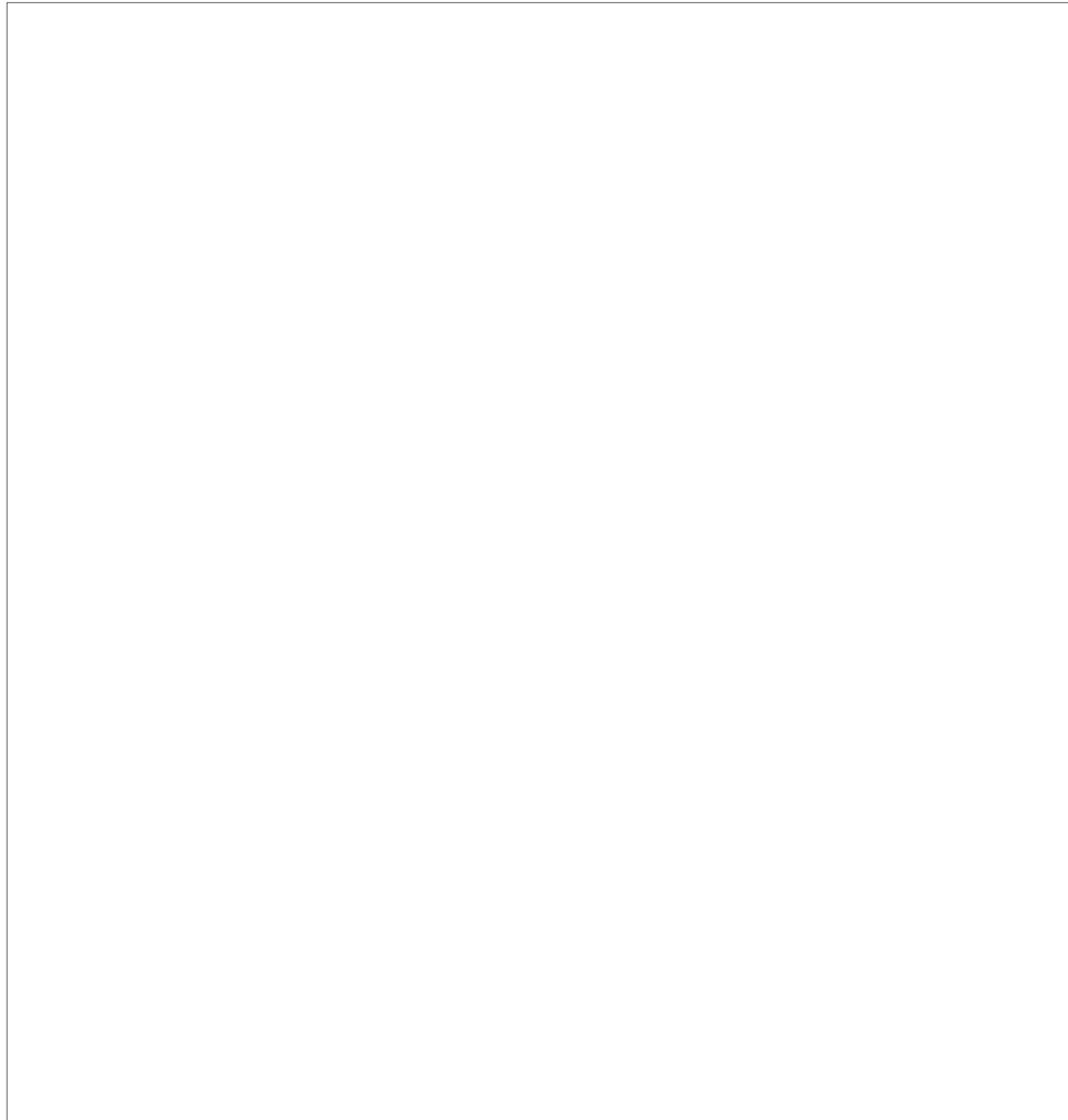
The USSR appears to be preparing to shift attention from an anticipated stalemate at Geneva to the Middle East and the Far East which it believes offer better opportunities to achieve objectives such as promoting "neutralism" and exploiting the divisive effects of its "Geneva spirit" policy. The Soviet Foreign Ministry press chief announced on 27 October at Geneva that the USSR is considering a Chinese Communist proposal to hold a big power Far East conference in the near future.

**2. FURTHER EGYPTIAN-ISRAELI BORDER INCIDENTS
LIKELY**



Comment

The Egyptian order and known Israeli preparedness suggest that new border incidents almost certainly will occur. Egypt is not ready for a war, and Israel is still seeking support in international circles. Either country could exploit the expanding violence on the frontier on the basis of self-defense.



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**5. SYRIA AND SAUDI ARABIA REPORTED COMBINING
WITH EGYPT TO OBTAIN CZECH ARMS**

[Redacted]

Unconfirmed reports have reached the American embassy in Cairo that the Egyptian arms agreement with Czechoslovakia is being amended to include Syria and Saudi Arabia. Reportedly a tripartite headquarters has been established in Cairo, with a purchasing pool to be formed with the aid of Saudi money which will allocate the purchased equipment to the areas of highest military priority.

Comment Saudi Arabia and Syria have previously indicated an interest in obtaining arms. The proposed arrangement would be in line with Saudi and Egyptian attempts to establish a tripartite Egyptian-Syrian-Saudi pact as a counter to the Iraqi-Turk "Northern Tier" pact. Such a move, also, would meet no objections from the USSR.

Previous information does not indicate, however, that a tripartite mechanism has yet been set up. Egypt and Saudi Arabia have signed a bilateral military pact, which the Saudis have reportedly supported with a financial grant to Egypt of 40 million Egyptian pounds. The Egyptian-Syrian pact, however, though initialed, is not known to be formally signed, nor has it been given the required ratification by the Syrian parliament.

6. INDONESIAN AMBASSADOR IN MOSCOW FAVORABLY IMPRESSED BY EGYPTIAN ARMS DEAL

[Redacted]

Indonesian ambassador Subandrio in Moscow has told an American embassy official that Egypt's decision to purchase Czech arms is making a profound impression not only in the Middle East but also in the new countries of the Far East. He denied, however, that Indonesia planned to purchase arms from the Soviet bloc and inferred that Indonesia would be inclined to approach Britain or the United States instead.

Subandrio gave the impression that he accepts Soviet expressions of good will at face value and believes that help in developing Indonesia can be expected from the Soviet Union. He also apparently accepts Soviet assertions that the Indonesian Communist Party is not subservient to the USSR, as indicated by its recent election campaign on "non-Communist platforms." Subandrio said the party's "respectability" made it easier for Indonesia to deal with the Soviet Union on a straight government-to-government basis.

Comment

An Indonesian Foreign Ministry spokesman stated on 5 October that the Egyptian arms purchase was "understandable" as a reflection of an independent foreign policy and of the "gigantic task of construction and consolidation" which faces all Asian and African countries.

Czechoslovakia has built two small factories for Indonesia, and East German experts are constructing a sugar mill. So far Indonesia has not responded to general offers of technical and capital assistance extended by the Soviet Union.

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7. NEW RAILROAD THROUGH MONGOLIA NEARLY COMPLETED

The new Sino-Soviet railroad through Mongolia, which Peiping Radio has just announced would be opened to traffic on 1 January 1956, will greatly reduce Communist China's



blockade vulnerability and provide the bloc with a more secure inner line of communication to China proper.

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Being 750 miles shorter than the present Moscow-Peiping rail link with the Trans-Siberian Railway through Manchuria, this line will become a major artery for trade between the USSR and Communist China. Its estimated initial capacity of 2,700,000 tons each way annually will add more than 50 percent to the present capacity of Sino-Soviet rail connections. [redacted] Prepared by ORR)

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