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## **SUMMARY**

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1. Increase in Chinese Communist pressure on offshore islands indicated (page 3).

### **SOUTHEAST ASIA**

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### **LATIN AMERICA**

5. Comment on growing instability in Paraguay (page 5).

### **LATE ITEM**

6. Comment on Molotov's press conference statement (page 6).

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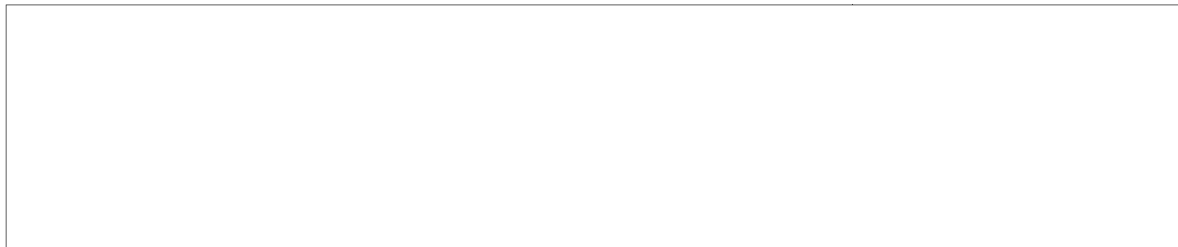
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~~TOP SECRET~~**FAR EAST****1. Increase in Chinese Communist pressure on offshore islands indicated:**

**Comment:** These developments, together with reports of continued air and artillery attacks on the Tachen Islands to the north, strongly suggest that Peiping is preparing to continue and possibly increase the scale of military operations along the coast throughout the winter.

The appearance of Communist air patrols on the Fukien coast may discourage Nationalist air reconnaissance in this area, where Taipei's planes had previously been endangered only by Communist ground fire.

**SOUTHEAST ASIA****2.**

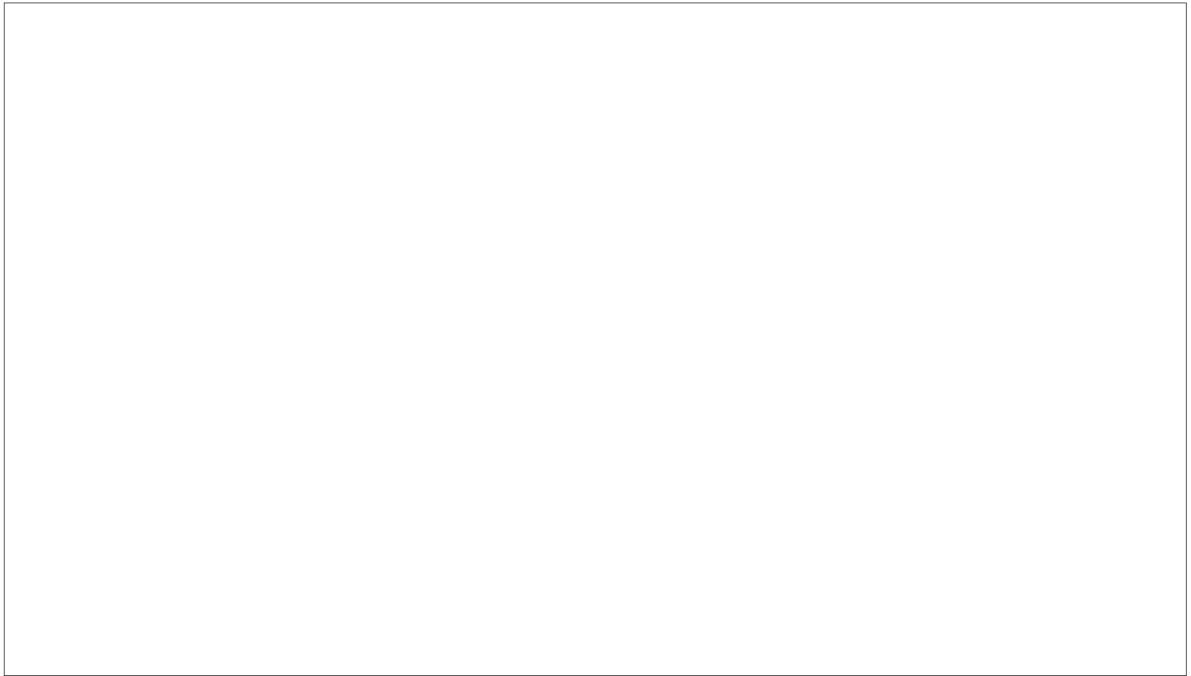
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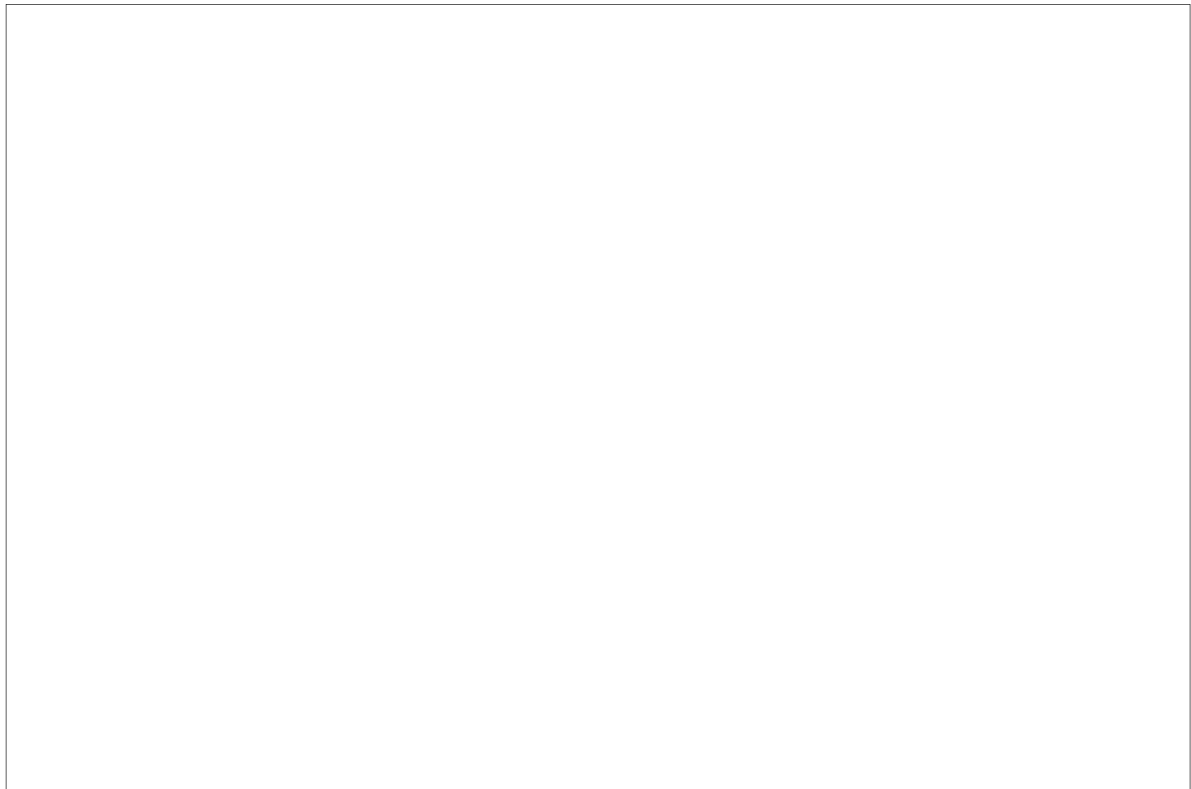
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**NEAR EAST - AFRICA**

3.



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4. Comment on French-Tunisian efforts to obtain fellagha surrender:

The contemplated joint French-Tunisian efforts to effect a surrender of the Tunisian fellagha--quasi-military outlaws--will result at most in a limited compliance and may split the intemperate from the moderate nationalists. This widely publicized compromise, however, may be the face-saving formula necessary to hurdle the current crisis in the Paris negotiations for Tunisian self-government.

A surrender by a token group could be accepted by the French as re-establishment of authority. The main body of the fellagha could then abandon the unequal struggle at least for the time being. Those who surrender risk continuing surveillance and later punitive action, despite proposed guarantees. The concurrence of the nationalist Neo-Destour in this arrangement invites rabid adherents of the party to disavow it and to continue the struggle in their own manner.

The contemplated disarming of French settlers, included in the new proposals, is a major concession to Tunisian demands and will meet with intense and immediate opposition in France as well as from French residents throughout North Africa. In the unlikely event that any real attempt were made to disarm the settlers, widespread violence would ensue.

**LATIN AMERICA**

5. Comment on growing instability in Paraguay:

Recent developments in the Paraguayan political situation, which has remained unstable since the army revolt last May,

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suggest that new armed outbreaks might occur at any time. Despite President Stroessner's efforts to placate conflicting factions within his party, the government appears divided along ragged lines into groups favoring or denouncing the politically ambitious Mendez Fleitas, president of Paraguay's Central Bank, whose friends have gained various important army and police positions.

The highly-charged controversy over Mendez stems from the conflict of personal ambitions and his opponents' belief that he is pro-Argentine and a Communist.

Stroessner, also commander in chief of the armed forces, has kept various army units on alert and was in control of the situation as of 20 November.

#### LATE ITEM

#### 6. Comment on Molotov's press conference statement:

Molotov's 20 November offer to postpone the Soviet-proposed European security conference if the West will delay ratification of the Paris agreements was primarily intended to provide additional justification for convoking an Orbit security conference in Moscow in response to the West's expected rejection of the conference proposal. It was also designed to demonstrate the contrast between Moscow's alleged readiness to open serious negotiations on European security and Germany and the Western powers' determination to "speed the remilitarization of Western Germany."

Aside from the offer to postpone the 29 November conference, Molotov simply reiterated the main arguments advanced in the 13 November proposal for a European security conference. His failure to use this occasion to put

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forward any new substantive proposals suggests that the Soviet leaders believe there is nothing they can do now to avert ratification of the Paris accords. They are therefore chiefly preoccupied with preparing their position to meet the situation following ratification.

It can be expected that this new Soviet proposal will receive the same negative reaction from the Western powers as the earlier one. Western European leaders are not interested in East-West talks until after the Paris agreements are fully ratified.

In view of the prompt acceptance by Communist China and the European Satellites of Moscow's 13 November invitation to participate in the proposed European security conference, the USSR will probably proceed with an Orbit meeting in Moscow timed to exert the maximum influence on the scheduled mid-December debates in Paris and Bonn. Such a conference may result in either a draft mutual security treaty similar to that proposed by Molotov at the Berlin conference or a declaration on European security which will be offered to Western Europe as an alternative to the Paris agreements. Moscow's object in this would be to provide material and opportunities for constant Communist agitation against the execution of the agreements after ratification.

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