

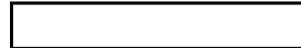
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20 October 1955



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**CURRENT INTELLIGENCE BULLETIN**

DOCUMENT NO. 42  
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: 2010  
AUTH: HR 70-2  
DATE: 15 JAN 1980 REVIEWER:

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**Office of Current Intelligence**

**CENTRAL INTELLIGENCE AGENCY**

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2. COMMUNIST CHINA RENEWS BID TO NORMALIZE RELATIONS WITH JAPAN



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Radio Peiping also announced on 17 October an "agreement" with the head of the Japanese Diet delegation now in China which called for closer Sino-Japanese trade and cultural relations, freer travel, protection of nationals residing abroad, and the exchange of permanent trade missions with diplomatic status.

Comment

The Chinese Communists are taking advantage of the relaxation of international tensions to intensify their efforts to establish de facto relations with Japan



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There are indications that Tokyo will await the results of the foreign ministers' conference at Geneva before considering any major change in its policy on cultural and trade relations with Peiping. Japan's continued recognition of Taipei presumably precludes full diplomatic relations with Peiping for the foreseeable future.

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### 3. FRENCH-SPANISH RIFT OVER MOROCCO WIDENING

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American officials in Paris report that Foreign Minister Pinay and the Spanish ambassador had a stormy session on 17 October over Madrid's publication of its 15 October note to Paris protesting the anti-Spanish press and radio campaign in France.

The chief spokesman for the French Foreign Ministry believes that the stiffer line taken by the Spanish ambassador in talks over the past two weeks indicates that Spain intends to continue its anti-French attitude for some time.

#### Comment

Freewheeling military commanders in both French and Spanish Morocco have been largely responsible for the resurgence of ill feeling, but the retention of the strongly anti-French Garcia-Valino as high commissioner of Spanish Morocco indicates that Madrid is bent on continuing a pro-Arab policy.

French charges that Spain is aiding the Moroccan rebels and Spanish pressure for consultation on reforms will probably continue to worsen relations between the two countries.

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**BIWEEKLY SUMMARY**  
6 October-19 October 1955

**THE FORMOSA STRAITS**

**Report of the IAC Current Intelligence Group  
for the Formosa Straits Problem**

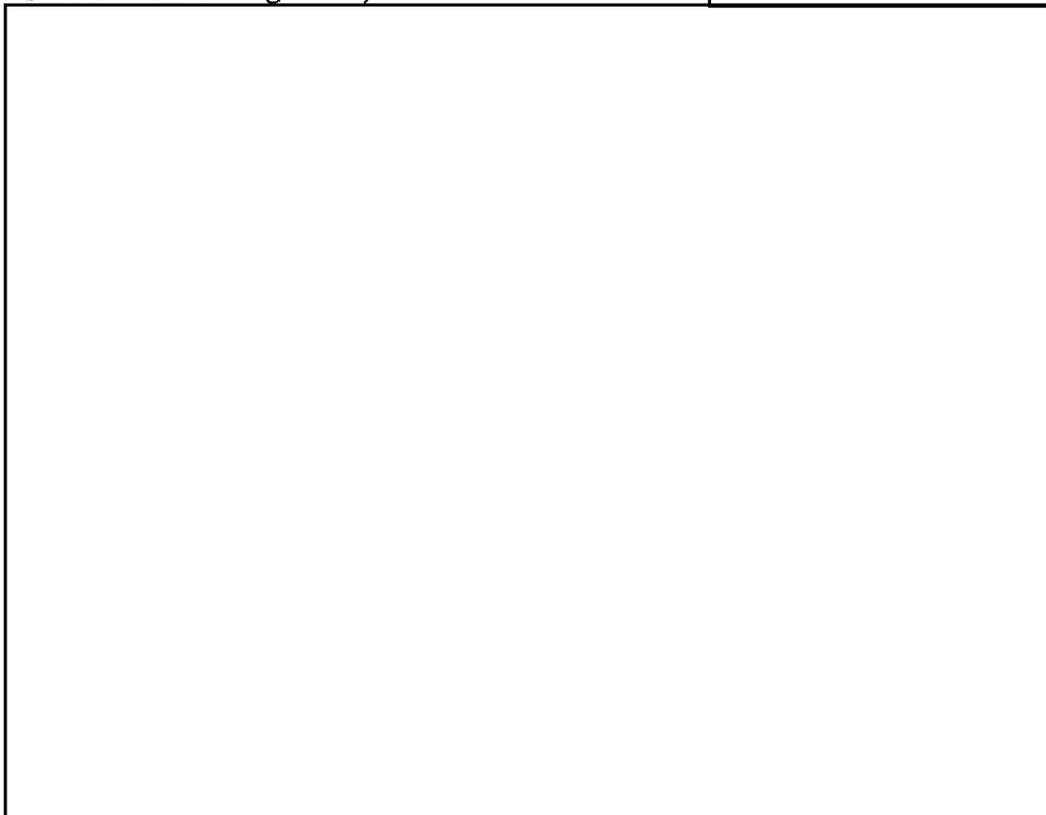
1. Military activity in the area was marked by the first Chinese Nationalist success against Chinese Communist jet fighters and by the first Communist shelling of an island in the Matsu group.

A clash between four Nationalist F-86's and at least five Communist jet fighters near Nanchishan on 15 October resulted in the loss of one of the Communist aircraft.

Communist shelling of Kaoteng, northernmost island in the Matsus, was light, and apparently has been fired either for registration or harassment. A total of 49 rounds was fired at Kaoteng on 7, 11 and 14 October.

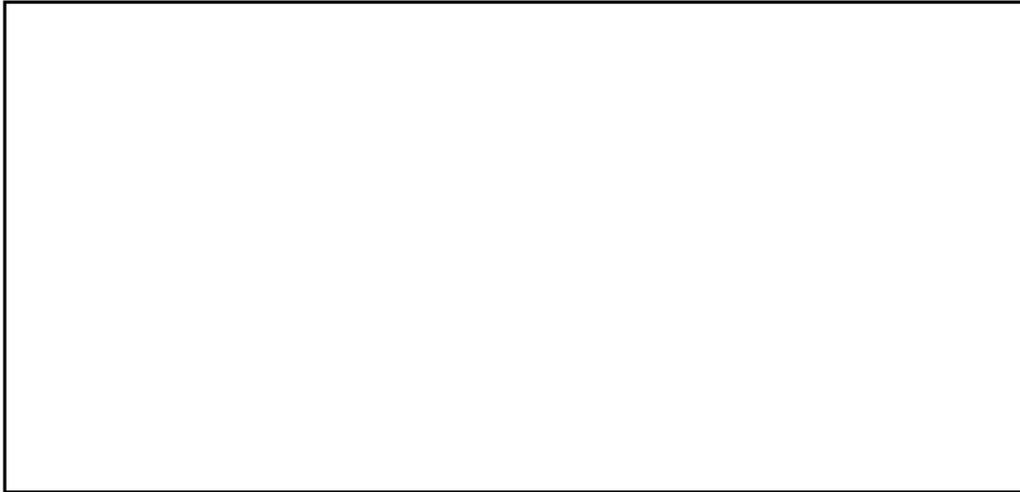
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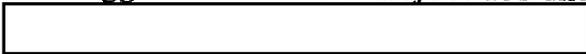
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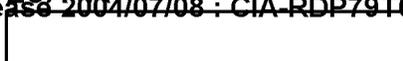


4. Another Chinese Communist railway construction division has been identified as working on the rail line from Yingtan to Amoy, making a total of at least eight such divisions engaged in the work. According to Peiping's Five-Year Plan, the Chinese Communists were scheduled to complete only 270 miles of the 400-mile Amoy line by the end of 1957. Since the Five-Year Plan goals were formulated, however, the Chinese Communists have continued to assign more railway construction units to the project, and have declared that the line will be completed "ahead of schedule." 

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5. Chinese Communist propaganda on international subjects during the past two weeks increased somewhat in hostility. Peiping repeatedly accused the US of obstructing the Geneva talks, and of seeking to build up Japanese military strategy, in order to promote further "aggression" in the Far East. Comment on Formosa, which remained at a low level, reiterated Peiping's previous formulation--that the question of "liberating" Formosa is a purely internal affair, and that only "US aggression" is a subject for international negotiation. 

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