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## FAR EAST

2. Ambassador Muccio gives recommendations on cease-fire problems:

 US Ambassador Muccio in Pusan, commenting on the proposed cease-fire talks, warns that any arrangements made should be based on the premise that no other settlement of territorial and political issues will be reached in the foreseeable future. In order to make these decisions more palatable to the Republic of Korea and to Asiatic public opinion, he recommends that the Korean member be given a prominent position in the negotiations.

With respect to a possible 20 mile buffer zone, Muccio cautions against the creation of a third territorial entity in Korea administered by non-Koreans, and suggests that this can be avoided by designating a line approximately midway in the demilitarized zone which

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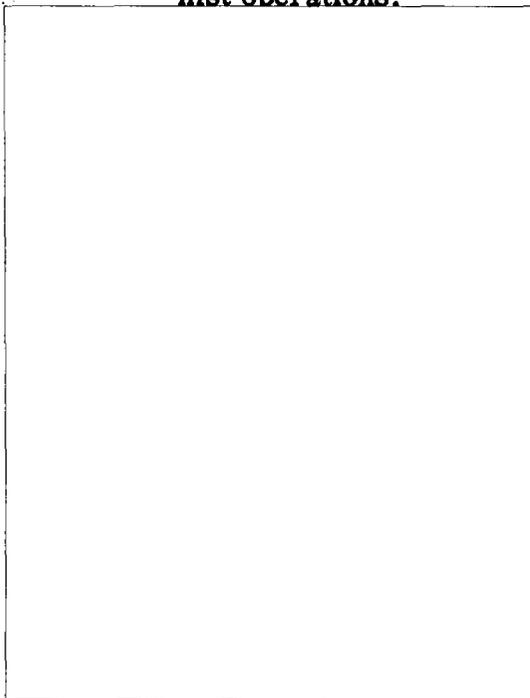
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would permit administration of two halves by the adjoining Korean regimes. He adds that South Korean public opinion would find any other dividing line more acceptable than the 38th Parallel. Muccio also recommends that neither the 40,000 Korean prisoners of war who were impressed into the North Korean army nor the North Korean refugees be turned over to the Northern authorities against their will.

3. Reports from various sources point up possibility of late summer Communist operations:



Reports from a variety of sources speak of impending Communist operations in the late summer of this year, possibly dependent on success of Red strategy during the Korean cease-fire negotiations this month.

While the reports are fragmentary and, by their nature, beyond possibility of confirmation, their general agreement in the matter of date may possibly be significant.

The reports are:

(a) [redacted] talk is prevalent in Peiping military circles of preparations for operations at "the end of August, 1951." [redacted] all land sea and air forces in Communist China have been ordered to put themselves in a state of readiness by that date. The 68th Airborne Division, 9,000 strong, is

supposedly en route from Tientsin to Antung.

(b) [redacted] a conference of North Korean, Chinese Communist and Russian officials on 2 March agreed to the dispatch of 500,000 Soviet troops to Manchuria by the end of August, adding that Soviet Russia should be ready for a possible

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World War by the end of September, provided that cease-fire proposals in Korea, foreseen for the month of July, should fail.

(c) [redacted] the recent establishment of an entirely new Soviet headquarters at at least Army level in northern Manchuria.

(d) [redacted] all Fourth Field Army units in Southeast China have been ordered to reach a state of combat readiness not later than 15 September. [redacted]

(e) [redacted] the deadline for the air build-up in Kwangtung, Southeast China, is set for September.

Comment: The Chinese Communists are capable of operations in any one or several of the border regions. It is believed that the build-up in Southeastern China has been primarily defensive during recent months, but this does not preclude launching the oft-rumored assault into Indochina. Indications of continuing build-up in Manchuria and Korea tend to support reports that failure of the pending negotiations would result in a new Communist onslaught in Korea.

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