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GENERAL



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1. Reported Soviet military preparations in Austria--US Ambassador Johnson in Rio de Janeiro reports that the Brazilian Minister in Vienna has been informed by Austrian Foreign Minister Gruber that he is "absolutely sure" the Soviet command in Vienna began about twenty days ago military preparations which indicate the USSR is planning large-scale military action. In support of his conviction, Gruber stated that: (a) new strategic points in Austria have been occupied by considerable Soviet forces; (b) large quantities of modern materiel and equipment are continuously arriving at Soviet garrisons; and (c) Soviet lines of communication are being carefully protected by new contingents of selected troops. Gruber also assured the Brazilian Minister that he is expecting momentarily a Soviet "surprise" in Europe, not excluding the possibility of the opening of hostilities in some sector.



(CIA Comment: CIA has no reliable information justifying the belief that the USSR is planning large-scale military action in Europe in the immediate future. CIA believes, however, that the preponderance of Soviet military strength in Europe and stringent security measures in the Soviet sphere provide the USSR with the capabilities for initiating military operations with little or no advance information becoming available to the Western Powers.)

2. Increased Communist pressure in Southeast Asia predicted--US Ambassador Kirk in Moscow suggests that the recently concluded Sino-Soviet Treaty prepares the way for these two principal partners in World Communism to assume in the near future "militant initiative in Southeast Asia to a maximum degree short of open war." The Ambassador believes



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that Stalin and Mao probably estimate that Communist expansion in Southeast Asia in the near future is both militarily and politically feasible. Kirk considers Burma and Indochina to be the prime targets in Southeast Asia because their inclusion in the Communist sphere would advance Communist forces toward the goal of world domination and because these countries, plus Thailand, would provide China with a solution to its food problem.

(CIA Comment: CIA concurs in the above estimate of Soviet intent in Southeast Asia.)

3. Dutch attitude on New Guinea--US Embassy Jakarta transmits the opinion of Netherlands High Commissioner Hirschfeld that failure to accede to Indonesian requests for sovereignty over Dutch New Guinea at the forthcoming Dutch-Indonesian conference will mean only "continued trouble" for the Netherlands Government. The High Commissioner believes that the New Guinea question should be negotiated directly between the Netherlands and Indonesian governments and that the Dutch could participate "profitably and happily" in the development of a New Guinea which had been "peacefully" transferred to Indonesia. Meanwhile, US Embassy Canberra reports that the Australian Government probably will not follow through with its plan to approach the Indonesian Government regarding Australian interests in New Guinea.
4. Views on Asian union--US Ambassador Stanton in Bangkok transmits the conclusion of the Bangkok Conference of US Chiefs of Missions that there is "an unfortunate lack" of interest in a regional association among Asian and South

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Pacific states. Burma, Ceylon, India, Japan, and Pakistan reportedly regard such a regional association coolly; Indonesia prefers to work alone for the time being; Australia is unenthusiastic; New Zealand wants only a Pacific pact with the US, Australia, and the UK. Korea strongly favors an association and Thailand is interested. All the states (except Korea) are opposed to an open anti-Communist bloc or a military alliance.

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