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Approved for Release: 2019/05/28 C05973636

3.5(c)

SUMMARY

Approved for Release: 2019/05/28 C05973636

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SOVIET UNION

- 1. Dairen-based aircraft apparently destined for Soviet Union (page 3).
- 2. Possible development of TV transmitter for Soviet aircraft (page 3).
- 3. French official sees hardening of Soviet attitude toward US (page 4).

FAR EAST

4. Heavy enemy action in Korea not seen as prelude to offensive (page 4).

SOUTHEAST ASIA

- 5. Burma interested in acquiring US petroleum (page 5).
- 6. Cabinet crisis threatens in Indonesia (page 5).

WESTERN EUROPE

- 7. Trieste Communist Party approved for membership in Cominform (page 6).
- 8. Comment on Schuman-Adenauer negotiations on the Saar (page 7).

3.5(c)

- 2 -



3.5(c)

SOVIET UNION

Approved for Release: 2019/05/28 C05973636

1. Dairen-based aircraft apparently destined for Soviet Union:

Some of the Soviet aircraft scheduled to fly from Dairen to Tunhua, Manchuria, on 6 October were apparently destined to fly on to the Soviet Union on 7 October,

October of groups of TU-2's, IL-10's, and transports from Dairen and Mukden to Vozdvizhenka in the Southern Maritime Province, some via Tunhua.

<u>Comment</u>: The withdrawal of a large number of conventional ground attack and light bomber aircraft to the Soviet Union could be preparatory to the deployment of additional jets to the Dairen area.

2. Possible development of TV transmitter for Soviet aircraft:

This is the first indication that the USSR may possess television transmitters for use in aircraft. Possible military applications of significance are in aerial reconnaissance, flight testing, and terminal homing of drone aircraft or guided missiles.

- 3 -



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3. French official sees hardening of Soviet attitude toward US:

The Kremlin's top priority objective for some time will be to divide the Western allies, particularly to separate the United States from the others,

according to a high French Foreign Ministry official. He believes this policy was manifested by Stalin's article in <u>BOLSHEVIK</u>, the jettisoning of the militants Marty and Tillon, and the adoption of a more "bland" Communist line in France. The official considers Ambassador Kennan a victim of the new Soviet effort, and points out that the Russians have recently increased their friendly gestures toward the French and British in Moscow.

Comment: Stalin's article indicates that the USSR envisages a prolonged period of coexistence contingent upon the dissolution of the aggressive Western alliance and isolation of the United States as principal aggressor.

FAR EAST

4. <u>Heavy enemy action in Korea not seen as prelude to offensive:</u>



The Far East Command believes that the 6 October coordinated Communist attack in western and central Korea is not preliminary to a general offensive,

FECOM warns, however, that limited-objective attacks will probably increase in size and number until colder weather sets in or until the UN Command assumes the offensive.

The primary objective of the attacks, as interpreted by FECOM, is the seizure of key terrain features and areas still in question at the cease-fire talks. Another objective may be to keep UN forces off balance.

- 4 -



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SOUTHEAST ASIA

5. Burma interested in acquiring US petroleum:

Comment: The Burmah Oil Company, a subsidiary of Anglo-Iranian, owns most of the oil installations in Burma. Negotiations between the company and the Burmese Government for the joint development of petroleum resources are at an impasse because of Burma's constitutional provision that at least 60 percent of the capital for any enterprise affecting the nation's resources must be owned by Burmese citizens.

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6. Cabinet crisis threatens in Indonesia:

The Indonesian Government is threatened with an imminent cabinet crisis,

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Demands by elements of the two largest political parties that certain officials in the Defense Ministry and the army be purged are likely to result in the resignation of the Minister of Defense, and possibly in the fall of the cabinet.

President Sukarno has not revealed his position, but is believed to be displeased with the present government.



Approved for Release: 2019/05/28 C05973636

3.5(c)

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Comment: The government has made little or no progress in dealing with widespread dissidence, and the impending crisis is more the result of political rivalries than of a genuine concern over the country's security.

Public and parliamentary criticism of the Defense Ministry is apparently Communist-inspired and purposely directed at undermining the position of the strongly anti-Communist Minister of Defense.

WESTERN EUROPE

7. Trieste Communist Party approved for membership in Cominform:

Vittorio Vidali, leader of the Communist 3.3(h)(2) Party in Trieste, has reportedly announced that his party has been approved for membership in the Cominform and that it would receive directives from Cominform headquarters and

not through the Italian Communist Party as in the past. Vidali also announced that a complete reorganization of the party would begin on 1 November in order to replace present leaders, who have $becom_{3.3(h)(2)}^{\circ}$

Comment:

Vidali's party is suffering from weak internal discipline and severe financial troubles. Freeing the party from Italian Communist control may be intended to give it added prestige.

The Trieste Communist Party would be the first party to be added to the Cominform since its establishment in 1947.





8. Comment on Schuman-Adenauer negotiations on the Saar:

The unresolved issues between Chancellor Adenauer and French Minister Schuman over the Saar question center on the permanency of the settlement, France's economic ties with the Saar, and political freedom within the territory.

Adenauer claims to have made his maximum offer, which he says is supported by the government coalition and the opposition Social Democrats, when he proposed placing the territory under a European body, as well as local licensing of the pro - German parties and replacing the French-Saar conventions with new economic arrangements. The settlement would be provisional for five years.

Schuman agrees to Europeanization, but opposes licensing the pro-German parties and wants the French-Saar economic ties to be severed gradually as European integration progresses. He also insists that any steps taken now be permanent.

If the two positions are not reconciled by 10 October, the final date for parties to register for the Saar elections, the Saar Government will probably reject the applications of the pro-German parties. In that event, according to Adenauer, "all will be lost."

