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GENERAL

1. Bohlen comments on significance of change in Soviet position on Austria:

Ambassador Bohlen doubts that the Kremlin seriously expects it can significantly impede implementation of the Paris agreements merely by changing its position on

Austria. He is convinced that Moscow realizes the only sure way of preventing West German rearmament would involve the sacrifice of the Soviet position in East Germany, a price it has so far been unwilling to pay.

Bohlen believes the USSR is still determined to hold East Germany, and that its next move will be to sound out the Bonn government on establishing relations with Moscow in return for West German recognition of the East German government. While it is doubtful that the USSR would be prepared to have a four-power meeting on unification, it might conceivably have in mind a four-power agreement to limit rearmament in both parts of Germany.

Bohlen thinks, however, that any undue delay in setting up a Soviet bloc security system after the Paris accords take effect, or any exclusion of East Germany or special status for it, would probably be a sign of some shift in Soviet policy on Germany.

Comment: The rapidity and manner in which the USSR recently has moved on Austria indicate that it intends to use an Austrian settlement to arouse German confidence in the sincerity of Soviet proposals for unification, in an attempt to impede West German rearmament. Moscow may now suggest conferences on other issues and make new proposals for Germany, even though it does not intend to give up East Germany.

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SOUTHEAST ASIA

2. Viet Minh reported planning "stay-behind" struggle in central Vietnam:

The Viet Minh is secretly reorganizing party cells in the remaining Viet Minh regroupment area along the coast in South Vietnam, according to a Vietnam-

ese government report (see map, p. 5). High party officials are considering locating their headquarters and ammunition stocks in the strategic plateau area in southern Annam where cadres are presently attempting to win the allegiance of the ethnic minorities.

Preparations for the "stay-behind" struggle along the coast include teaching the population techniques of non-co-operation with the national government and spreading propaganda that a wave of reprisals and assassinations will follow the arrival of the army.

Comment: Viet Minh evacuation of this regroupment area is to take place between 22 April and 16 May.

The effectiveness of Viet Minh disruptive efforts will be largely contingent on the ability of the Vietnamese government to solve its economic problems and to establish an efficient administration.

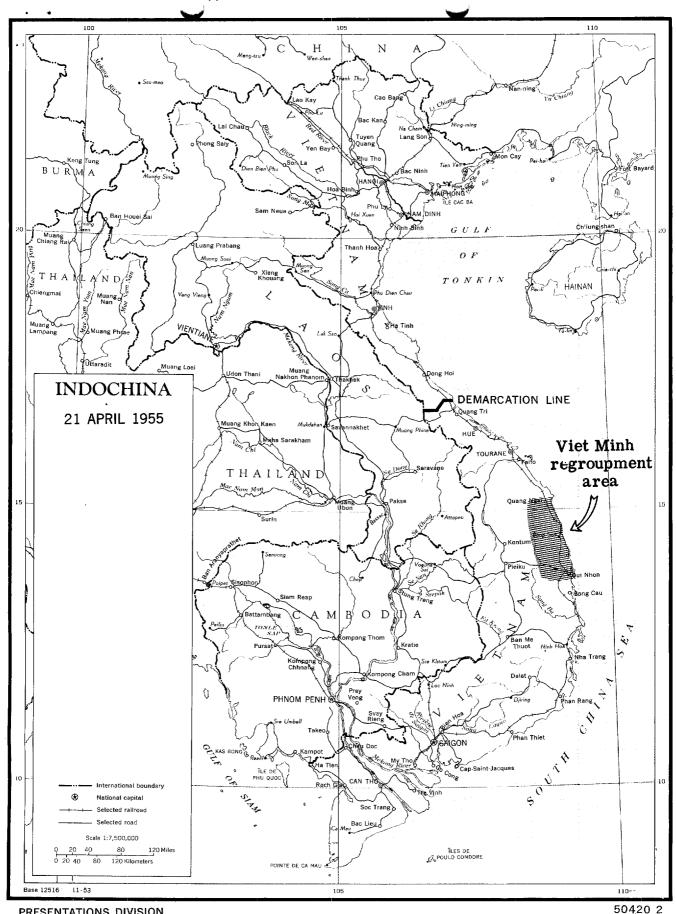
How successful Saigon's administration has been in other regroupment areas is not known.

3. End of Thai-Burmese "co-operation" predicted:

There is every reason to believe that the "sham" of Thai-Burmese co-operation may soon end, in the opinion of the American army attaché in Bangkok. He cites a report from the American consul in Chiengmai that the Thai police recently

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PRESENTATIONS DIVISION

permitted the shipment of 150 bags of rice and 4,000 cartons of cigarettes to the Chinese Nationalist irregulars on the Burma side of the border. The attaché also reports that a border incident in early April resulted in considerable tension between local Thai and Burmese officials.

Comment: Thai-Burmese relations have been traditionally cool, and only during the past 12 months has there been an apparent improvement.

Thai police director general Phao agreed to seal off the Thai-Burmese border in order to assist the Burmese in their current offensive against the Chinese guerrillas. It now seems clear from recent reports that he did so only after the guerrillas had been forewarned and he could feel certain of their ability to survive the Burmese campaign.

In the event the Burmese learn of the reported Thai shipments to the guerrillas, they will be more inclined than ever to blame their lack of success to date against the guerrillas on the Thai and to hold the United States partly responsible.

4. Sukarno reportedly invites Nehru, Chou and Nasr to remain as state guests:

President Sukarno has invited Premiers Chou En-lai, Nehru and Nasr to remain as state guests after the close of the Bandung conference,

Comment: Sukarno apparently sees Nasr as the likely candidate among Arab leaders to be won over to the point of view of Asian neutralist leaders. At the invitation of Burma's premier, Nasr stopped over in Rangoon, along with Chou and Nehru, on his way to the conference.

Chou is reportedly seeking Nasr's favor by indicating that Communist China is ready to increase its purchases of Egyptian cotton if a trade arrangement can be negotiated.

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THE FORMOSA STRAITS

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

This report is based on information received in Washington up to 1100 hours 20 April 1955.

1. Seven additional BUTCHER (IL-28) twin-jet light bombers were arriving at Tsitsihar on 14 April from Chita in the USSR. Again, the aircraft callsigns used were of Soviet naval subordination. This brings to 29 the total number of BUTCHERS (IL-28's) arriving at Tsitsihar from Chita since 25 March.

Another late development concerning these bombers occurred on 18 April, what is believed to have been the flight of at least four jet light bombers from Tsitsihar to Chiaohsien in the Tsingtao area. Chiaohsien is the site of a naval air school and a BUTCHER (IL-28) regiment of naval subordination.

Should all the Tsitsihar BUTCHERS (IL-28's) be transferred to Chiaohsien, it is probable that the Chinese Communist naval air force is in the process of activating a jet light bomber division of two regiments with a total strength of 52 BUTCHERS (IL-28's).

The acquisition of additional BUTCHERS (IL-28's) by the naval air force would be significant in that the Chinese Communist naval air force, particularly the 1st Division, took a leading role in air attacks on the Tachens.

2. A summary of Formosa Straits Reports for the week ending 20 April is attached.

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WEEKLY SUMMARY

FORMOSA STRAITS REPORT 20 April 1955

1. During the period there has been almost a complete lack of military operations in the Formosa Straits area. For the first time since last September, a week has passed with no artillery fire against Quemoy. Bad weather prevailed throughout the period.

2. Reports continue to indicate Chinese Communist efforts to improve air capabilities in the coastal area. Developments were highlighted by:

a. Photographic confirmation of 39 BUTCHER (IL-28) jet light bombers at Hangchow, near Shanghai, and evidence that they are part of Communist China's most experienced jet bomber division.

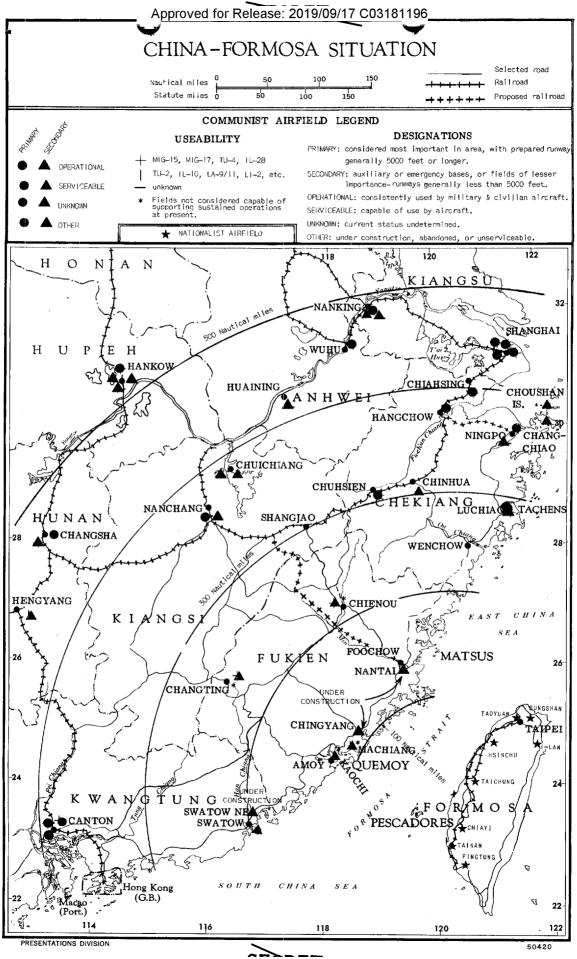
b. The new airfield under construction near Chingyang, just 22 miles northeast of Big Quemoy, is expected to be completed by September. It will apparently be a large and modern airbase.

3. The Chinese Nationalist coastal interdiction patrol north of the Matsus has made no interceptions and has been reduced in strength.

4. Chinese Communist propaganda concerning Formosa remains at a low level. A considerable amount of attention has been given to the crash of the Indian airliner carrying Chinese Communist officials to the Bandung conference. Peiping has declared that the crash was caused by US-Chinese Nationalist sabotage and that therefore its "determination to liberate" Formosa has been "sharpened."

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