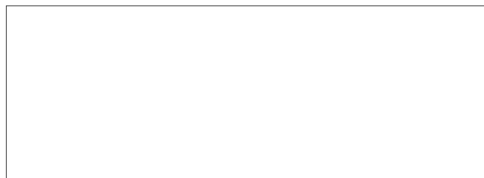


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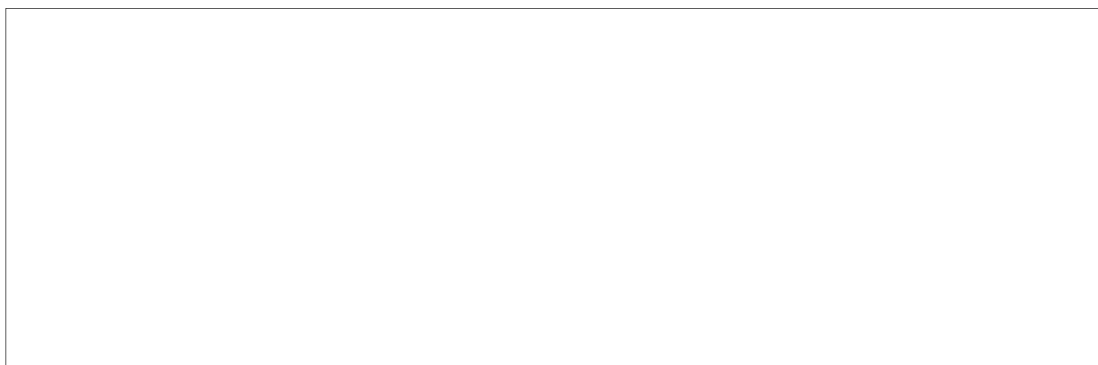
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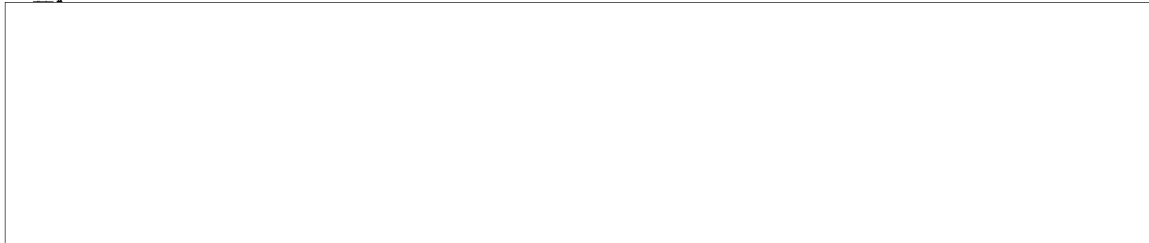
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GENERAL

1. Japan's demands at Soviet-Japanese talks reported:



Japan plans to demand the return of the southern half of the Kuriles and the small Shikotan and Habomai islands off north-eastern Hokkaido during its forthcoming negotiations with the USSR in New York.



The USSR will also be asked to allow fishing off Kamchatka outside the 12-mile limit stipulated by Soviet maritime law, instead of the 30-mile limit now observed by Japan.



Comment: Additional demands will reportedly include support for Japanese UN membership, repatriation of Japanese detained by the USSR, cancellation of reparations and noninterference in Japan's internal affairs. The Japanese press, in discussing the issues, has urged a three-mile limit for fishing and nonrecognition of Soviet sovereignty over the other Kuriles and southern Sakhalin.

In view of Hatoyama's willingness to normalize relations without discussing these issues, it is doubtful whether the Japanese can continue to insist on many of these demands. It is extremely doubtful that the Soviet Union will comply with the territorial demands.

2. Communists may use "peace" conference in India as prelude to Afro-Asian conference:



The "Asian Conference for Easing International Tensions," described as a "privately organized" gathering, will convene in New Delhi on 6 April, according to press reports

quoting the fellow-traveling Indian chairman of the preparatory committee. The main item on the agenda is to be the so-called "five principles" of coexistence, although other topics--such as colonialism, atomic weapons, and the dangers of military pacts--are also listed for discussion.

Some 300 delegates, representing several Asian and Middle Eastern countries as well as the USSR, are expected to attend. In addition to a large Soviet deputation, the Communists will have a large number of representatives from China, North Korea and North Vietnam.

Comment: The convocation of such a Communist-sponsored conference was first suggested by Indian representatives at the Stockholm "peace conference" last June, and the USSR has since shown unusual interest in its promotion.

The Afro-Asian conference opening on 18 April can be expected to assume a prominent place in the deliberations at Delhi, although there was originally no connection between the two. The Communists have an excellent opportunity at Delhi to plan their strategy for the Bandung meeting, to which the USSR is not invited. Their efforts will be facilitated by the fact that the topics to be considered at the two meetings are remarkably similar.

SOUTHEAST ASIA

3. Paris reportedly to de-emphasize Sainteny mission in North Vietnam:



The French government has decided that the Sainteny mission in North Vietnam should revert to its original role of merely protecting French interests without attempting to experiment with coexistence,



Comment: In view of the reluctance of the French government to close any avenue to an East-West detente, it is unlikely that an early change in Sainteny's status can be expected.

4. Hoa Hao general asks US support against Diem:



General Tran Van Soai, one of the several Hoa Hao chiefs, told the American chargé in Saigon that the time had come for a new government, which he hoped the United States would help to establish. Upon receiving no encouragement, Soai then said he would only continue to support Diem under certain conditions. The chargé notes, moreover, that Hoa Hao and Binh Xuyen representatives are reported to have come to a decision on 2 March to "take action" against the government.

Meanwhile, Diem has tripled the defenses around his headquarters in Saigon, and is said to be relying on the recently rallied troops of Cao Dai general Trinh Minh The to neutralize the Binh Xuyen.

Comment: The tendency of the sects to permit their "action" plans to become known, or even to discuss these plans with American officials, tends to cast doubt on their intention to take such action, and reflects their weakening position in relation to the government. The sects can be expected to explore every opportunity to check the growth of central government authority at the expense of their own, but they are probably realistic enough not to seek a forcible showdown. There is a possibility that the government, goaded by constant reports of conspiracy, may prematurely strike out against one or more of the sects.

5. Viet Minh suffering severe rice shortage:

[Redacted]

Reports from North Vietnam indicate that the economic situation has deteriorated materially since the Viet Minh took over Hanoi in October, [Redacted]

[Redacted] Viet Minh currency is now worth less than half its official value, Chinese and Indian merchants are planning to leave Haiphong, and the total rice supply may be as low as in the famine year of 1945, when almost a million people reportedly starved.

[Redacted] the Viet Minh will not be able to bridge the gap before the next harvest without substantial outside help. [Redacted] Chinese shipments of rice to the Viet Minh apparently have not been in substantial quantity and indicates that the logical source of rice for North Vietnam is South Vietnam.

Comment: [Redacted]

[Redacted] the rice shortage had reached famine proportions in some areas of North Vietnam. Rice relief from China has apparently not been more than 10,000 tons. Current shipments from Saigon to North Vietnam are apparently going only to the French-held Haiphong perimeter.

During February various Viet Minh media called for closer relations between the north and the south. The South Vietnam authorities have been unresponsive, but they feel they could not turn down an appeal for rice to relieve the famine in the north. [Redacted]

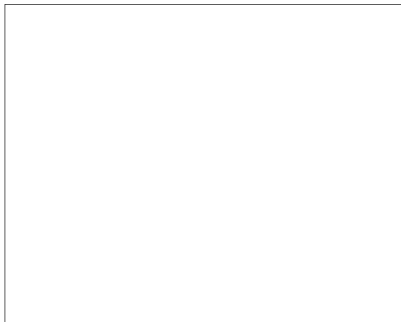
NEAR EAST - AFRICA

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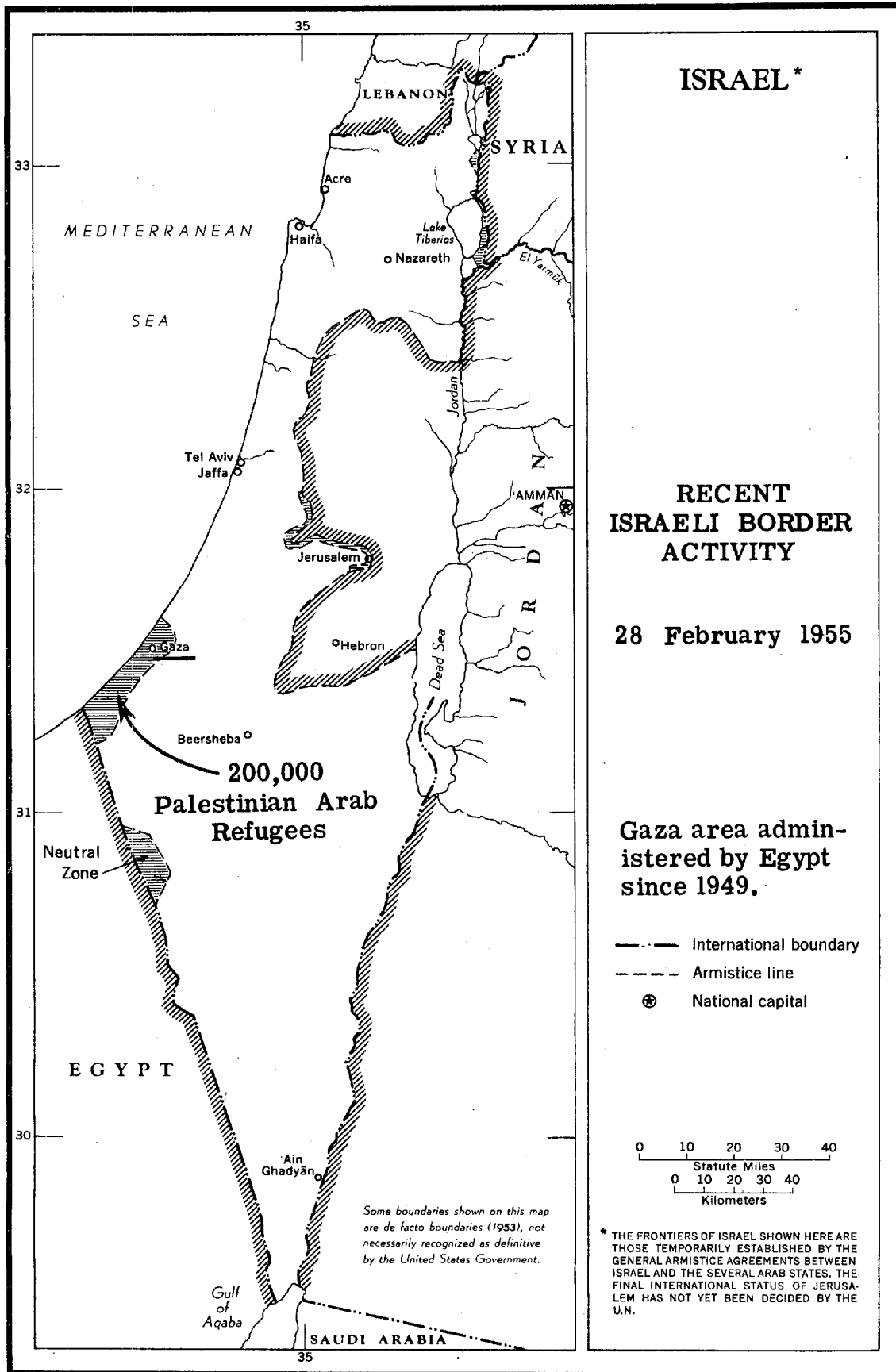


7. Comment on threat of new clashes on Egyptian-Israeli frontier:



The continued violent reaction of Arab refugees in the Gaza area (see map, p. 8) to the 28 February Israeli attack injects an additional element into the explosive border situation. The more than 200,000 Palestinian Arab refugees, deeply embittered and frustrated after more than six years in camps, have demonstrated against both Egypt and the United Nations because of failure to provide protection against Israeli attacks. Under present conditions Egyptian forces may not be able to prevent refugee bands from making armed forays into Israeli territory, thus promoting more retaliation.

The Jordanian Arab Legion is reported to expect Israel to initiate a series of major incidents in an effort to provoke Arab retaliation which would lead to an outbreak of general hostilities. This appears to be an overstatement, even though Israeli army leaders have long urged a tough approach to frontier problems. 



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