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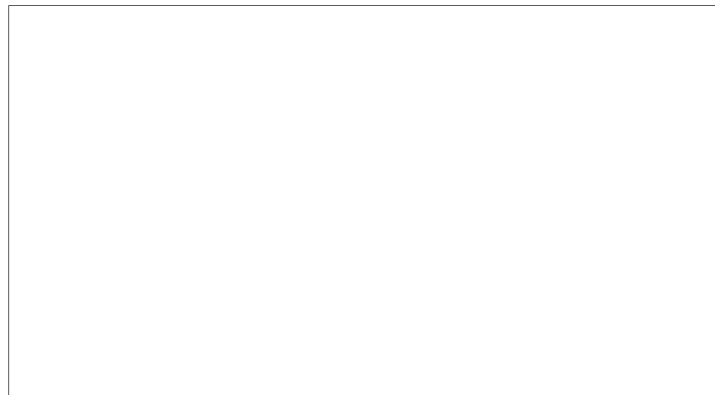
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OFFICE OF CURRENT INTELLIGENCE CENTRAL INTELLIGENCE AGENCY

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1. FRENCH FEAR DELAY IN REACHING AGREED POSITION WEAKENS WEST IN ARMS TALKS

Reference:

A high-ranking French Foreign Ministry official expressed apprehension on 14 August that time was running out in the London disarmament talks because of the delay in presenting a complete agreed Western position. He said a member of the French disarmament delegation received the impression during a 13 August

meeting with Zorin that the Soviet delegate might be preparing to pull out and throw the disarmament discussion into the UN General Assembly.

The French official fears that the report of the Disarmament Subcommittee will reach the General Assembly reflecting the simple, reasonable-sounding Soviet proposals not refuted by any agreed Western position. Paris thinks that if such agreement cannot be obtained quickly, the Western delegations should put together a generalized resumé of their main positions which would not touch on details still at issue among them.

The official did not indicate any belief that US reservations stemmed from West German pressure-- an accusation which Jules Moch has twice repeated to the American delegate. Soviet delegate Zorin's 13 August statement that West Germany has a "veto" over all Western disarmament proposals was characterized by Moch as significant.

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2. LONG-RANGE PLANS LACKING FOR PACIFICATION OF OMAN

Comment on:

Neither the Sultan of Muscat nor the local British authorities in the Persian Gulf appear to have long-range plans for pacification of Oman or consolidation of the Sultan's restored authority over the

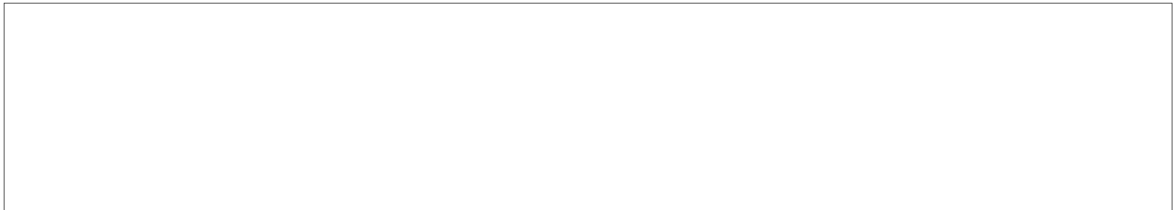
Omani villages, according to the American consul general in Dhahran. Although the Sultan has sent his minister of interior to Oman to attempt to cultivate tribal support for the Sultan and determine the whereabouts of the rebel leaders, he apparently has no further plans for developing loyalties in Oman.

The British political resident for the Persian Gulf, who has just returned from a visit to Muscat, was unable to say whether the Sultan's forces, with or without the Trucial Scouts, would be able to maintain order in Oman. He said Britain had no plans to improve the effectiveness and reliability of the Sultan's forces. While admitting that such assistance would be useful, he indicated that Britain would probably be unwilling or unable to provide a subsidy. For the time being, however, one company of British troops will remain in Oman.

Future revenues from the new American oil discovery in Dhofar Province are evidently counted on to enable the Sultan to win the interior tribes with bribes and development programs. The British official commented that if the Sultan could disburse \$700,000 annually, it would "make all the difference." The consul general comments, however, that unless the oil company is willing to make advances against future revenues, sufficient sums may not materialize soon enough.

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3. SOVIET GRAIN PROBLEM TERMED "ACUTE"



The grain problem was said to be "very, very acute" because of the 1957 drought.

Comment

The grain situation has now apparently become sufficiently alarming to warrant top-level concern. Preliminary estimates of 1957 grain production--the harvest is not yet over--indicate that the yield will fall to between 100,000,000 and 105,000,000 tons. Production in 1956 amounted to about 115,000,000 tons and in 1955 to about 103,000,000.

If this year's harvest does not exceed the 1955 level, Khrushchev's program to catch up with the US in milk and meat production will become even more unrealistic. However, stocks are believed to be sufficient so that a harvest reduced by 10-15,000,000 tons this year will not require a reduction in consumption or export.

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4. SUKARNO REPORTED CONTEMPLATING MAJOR CHANGES IN JAVA ARMY COMMAND

[REDACTED] President Sukarno is contemplating major army command changes which would affect Army Chief of Staff General Nasution and some of his deputies, [REDACTED] Sukarno is said to be keeping his choices to replace them a closely guarded secret. It is not known whether the three territorial commanders in Java would be affected. [REDACTED]

Comment

Sukarno may well be impatient with the lack of progress by army headquarters in enforcing its authority over the disaffected provincial commanders. Army headquarters officers are generally anti-Communist and some of them reportedly have opposed Sukarno in his efforts to implement his concept of guided democracy. Sukarno undoubtedly is under Communist and leftist pressure to effect command changes in the army.

He is also under pressure from the provincial commanders to remove Nasution, and he may feel that a general reshuffle, replacing present officers with a new group representative of all army factions, including the leftists, would help army unity. Such a reshuffle, however, would undoubtedly give the Communists more influence and for the time being would probably intensify rather than decrease army disunity.

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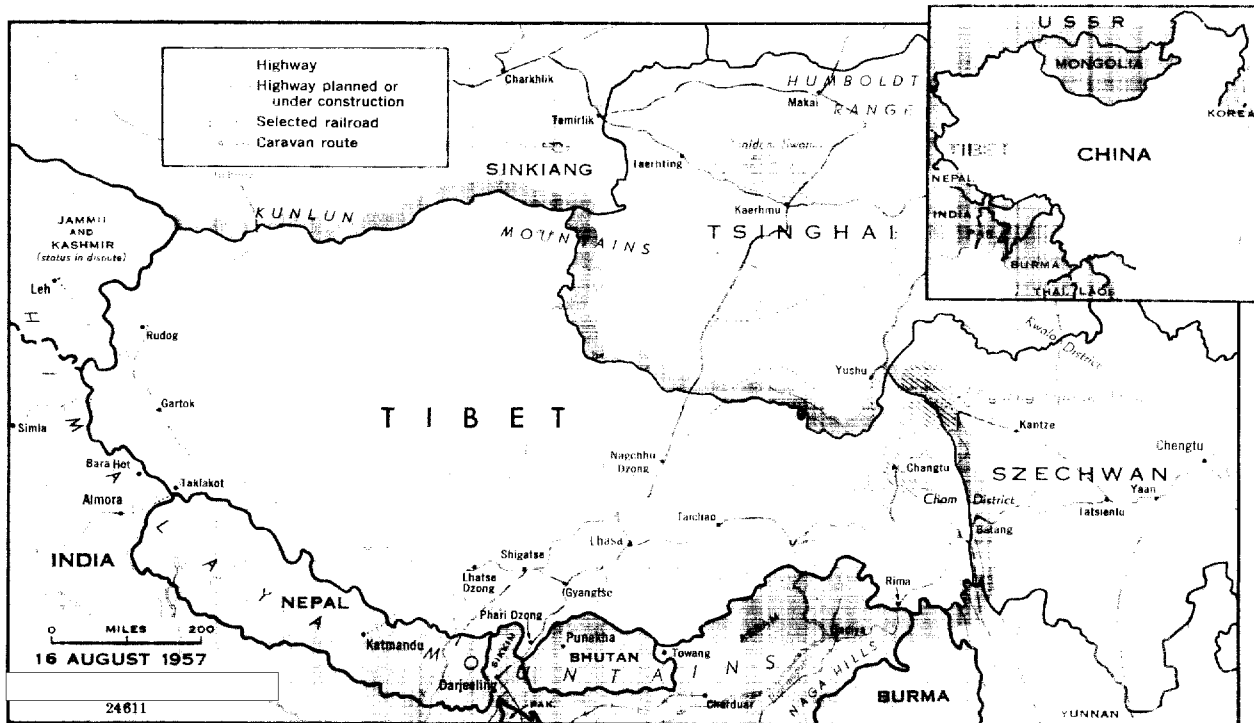
5. PEIPING MOVES AGAINST NEW TROUBLE IN TIBET BORDER REGION

Comment on:

Increased air-drop activity by Chinese Communist aircraft in the Szechwan-Tibet border area suggests that Peiping is moving to quell new outbreaks of dissident activity in this troubled region.

at least ten military transports are flying drop missions to areas where antiguerrilla operations have previously been noted. The air unit associated with the recent drop activity received six more transports early last month.

The Chinese Communists decided early this year to reduce their over-all military and economic commitment in Tibet, but they apparently intend to leave sufficient

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forces there to maintain control over the main population centers and keep lines of communication open. In May, the Chinese military commander in Tibet was ordered "firmly to defend" the border area against dissidents.

Peiping clearly does not intend to leave a power vacuum in Tibet which might be exploited by India. The Indians have provided asylum for many anti-Communist Tibetans, and New Delhi's continuing interest in Tibetan developments is reflected by Nehru's reported plans to visit Lhasa in the near future. If he does, the Indian prime minister will probably find ample evidence that Chinese control is still firm except in outlying areas.

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