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adverse political effects in the south and could lead to increased internal and international pressure for reunification of Vietnam under a coalition government with the Communists.

59. His refusal to permit nationwide elections and to assume responsibilities under the Geneva Accords raised the possibility of a withdrawal of the ICC following the deactivation of the French High Command in April. To deal with this situation, representatives of the Geneva co-chairmen (the UK and the USSR) met in London during April and May 1956. The USSR failed to press DRV demands that the co-chairmen reopen the Geneva conference. Instead, the co-chairmen finally agreed upon identical letters to the DRV and GVN requesting them to prevent any violation of military clauses of the Geneva Accords, to insure implementation of the political terms, to submit at the earliest possible time a convenient deadline for direct consultations and for holding all-Vietnam elections, and to give every assistance to the ICC. The co-chairmen requested the ICC to continue supervising the Armistice. They requested the French government to continue its good offices in support of the ICC, to reach agreement with the GVN to facilitate the task of the ICC and the Joint Armistice Commission (French-DRV), and to preserve the status quo until such new arrangements could be put into effect.

60. Despite his past refusals to assume responsibilities under the Geneva Accords, in his response to the co-chairmen's message Diem agreed to respect the Armistice and to provide security for ICC members. He recognizes the deterrent value inherent in the presence of the ICC, and appears willing to take action necessary to continue its function but continues to avoid the acceptance of any legal obligation under the Geneva Accords.

61. Franco-Vietnamese relations continue to reflect considerable ill-will and distrust on both sides. Recent causes of friction include disagreements concerning the future status and role of French military training missions, residual military base rights in South Vietnam, and the equivocal French attitude to-

ward the Communist regime in the north. The French now exercise little influence in Vietnamese affairs and there is little prospect for any improvement in relations in the near future.

62. South Vietnam-US relations have remained close and friendly during the past year. There have been few evidences of Vietnamese resentment of increasing US influence and activity in South Vietnam despite continual efforts by the Communists and some local French to stir up dissatisfaction on that score. The GVN would like the US to raise the mutually agreed ceiling on VNA force levels and desires greater autonomy in administering the foreign aid program. Diem would also like the US to exercise maximum political pressure, especially on the UK, India, and France, to enable the GVN to avoid any responsibility for the Geneva Accords.

63. Relations between South Vietnam and Cambodia have been strained by activities of resistance groups in border areas; by treatment of minority groups, by boundary disputes, and most seriously by disagreements relating to trade arrangements. A trade stoppage early in 1956 was removed through informal mediation by the US, and by the terms of settlement official representatives have been exchanged for the first time. The basic causes of friction remain, however. Vietnam does not desire full diplomatic relations with Cambodia because it fears such action would lead to Cambodian recognition of the DRV as well. There are no pressing problems in Lao-Vietnamese relations and South Vietnam's relations with the Philippines and Thailand are generally good.

IV. THE OUTLOOK IN VIETNAM

Probable Communist Courses of Action Toward South Vietnam

64. The DRV probably estimates that its chances for securing control of South Vietnam by means short of open attack or large scale guerrilla action supported from the north will gradually diminish with the passage of time. As indicated by Soviet and Chinese Communist performance in the past

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