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CENTRAL INTELLIGENCE AGENCY

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## GENERAL

1. Pakistan's prime minister wants large anti-Communist turn-out at Asian-African conference:

Pakistan's prime minister Mohammad Ali is eager to have all the invited anti-Communist nations attend the proposed Asian-African conference because it is the first opportunity to show that Asian nations are not dominated by Indian neutralism or by fear of the Communist bloc. He told Ambassador Hildreth on 7 January that if all the anti-Communist nations attend, they can "clobber" Chou En-lai and "any neutral efforts of Nehru."

The ambassador believes that Mohammad Ali's abilities may not equal his spirit.

Comment: At the preparatory conference held by the inviting powers at Bogor last month, the Pakistani delegation headed by Mohammad Ali had no positive program to present. The Indian delegation, on the other hand, was able to get 13 of its 17 prepared points accepted.

## SOUTHEAST ASIA

2. Chinese and Vietnam railroads to have different gauges:

Plans for building transloading facilities at the change-of-gauge point on the Sino-Vietnam railroad under construction

Initially, a transfer station is being considered at Pinghsiang, ten miles inside the Chinese border. Later another station is to be built at Dong Dang, three miles south of the border. Three parallel tracks--two of meter gauge (3'3") and one of the 4'8-1/2" gauge standard in China--will eventually connect Dong Dang and Pinghsiang.

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Comment: The North Vietnam rail system is apparently being restored to its old meter gauge, instead of to the larger Chinese gauge, in order to speed up reconstruction. It would seem to have been in the long-range economic and strategic interests of both countries to reconstruct Vietnam railroads to the Chinese gauge, thus permitting easy interchange of rolling stock and eliminating transloading at the border.  
 (Concurred in by ORR)

**3. Viet Minh agrees to withdraw truce officials from southern Laos:**

The Viet Minh, faced with the combined pressure of the Laotians, the French, and the International Control Commission, agreed on 6 January to withdraw its truce officials from southern Laos on 7 and 8 January. The decision was finally made at the insistence of the royal government of Laos, which has taken the position that the presence of Viet Minh truce officials in Laos no longer has any justification under the terms of the Geneva agreement.

Comment: The Viet Minh will probably offer much stronger resistance to withdrawal of its truce officials from the northwestern provinces, which are partly under the control of the Viet Minh-backed Pathet Lao.

The Viet Minh is currently attempting to establish its influence within the royal government by way of conversations now taking place between the government and Pathet Lao officials. During these conversations, the question of the integration of Pathet Lao troops into the royal army has been discussed, but no decision has been reached.

**4. Burmese premier to make no further efforts to obtain invitation to visit US:**

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Comment: Nu, during and after his early December trip to Communist China, publicly committed himself to an attempt to arrange a Sino-American rapprochement.

5. Soviet interest in Burmese rice reported:

the Soviet Union might buy "large quantities" if it can be persuaded to waive its usual policy and permit offsetting Burmese imports of Soviet goods to be spread over a period longer than one year.

Comment: This evidence of Soviet interest in rice probably hastened Rangoon's decision to send a trade mission to Moscow. One arrived there in late December. Rangoon to date has commitments for a maximum of about 800,000 tons of its estimated 1955 exportable surplus of 1,500,000 tons of rice. Since India, traditionally its biggest

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customer, has indicated it plans no rice purchases this year, Burma will be under considerable pressure to conclude a deal with Moscow.

## WESTERN EUROPE

### 6. Ehrenburg issues strong blast at Mendes-France in Pravda:

Pravda on 6 January carried an article by the well-known Soviet publicist, Ilya Ehrenburg, which the American embassy described as the most vicious personal attack yet on Mendes-France. Ehrenburg said the French premier had "won the confidence of American rulers

but lost the confidence of France." He said that it had taken Mendes-France only six months to "renounce everything he had professed before."

Ehrenburg charged that Mendes-France had lost his short-lived interest in parallel negotiations, and was now misleading some naive Frenchmen into believing that "the vigorous goose-stepping of restored German divisions" will facilitate talks on Germany. He warned that ratification of the Paris agreements would make negotiations on Germany meaningless.

Comment: Soviet press treatment of Mendes-France has become increasingly critical in recent months, but this attack is distinctly stronger and more personal than any heretofore. The USSR probably believes that Mendes-France is currently vulnerable to the charge of being the chief French architect of German rearmament, and that an all-out attack on him will help to overthrow him and thereby damage the prospects for full ratification of the Paris accords.

### 7. French reported proposing that Bonn promise Moscow delay on rearmament:

According to West German state secretary Blankenhorn, Jean Soutou, personal spokesman on foreign affairs for Mendes-France, has proposed that Bonn approach

Moscow after ratification of the Paris accords and offer not to put into effect the military clauses of the treaty pending some settlement of the question of German reunification. Blankenhorn said that Chancellor Adenauer "quickly rejected" Soutou's proposal. He doubts that Mendes-France will bring up the matter again in the 14 January meeting with Adenauer.

**Comment:** Blankenhorn in the past has not always been a reliable reporter of French-German negotiations.

Soutou has seemed obsessed recently by the idea that definite assurances of further four-power negotiations on German and European security problems are necessary to guarantee a favorable vote on the Paris accords in the Council of the Republic. He has admitted, however, that Mendes-France has "no illusions whatever" about obtaining anything from the Russians at a possible four-power meeting early next summer except in the unlikely event of a change in the basic Soviet position on Germany.

It is hardly likely that the government would have underestimated the reaction of Chancellor Adenauer to such a proposal. Even if Bonn agreed to such a plan, its necessarily secret character and the time element would make its political exploitation in France difficult.

**8. French minister for Associated States favors return of Bao Dai to Vietnam:**

Minister for Associated States Guy La Chambre told Ambassador Dillon in Paris that he is convinced that the immediate return of Bao Dai is the only workable solution for South Vietnam. He said the French were thinking in terms of Tran Van Huu as premier and Nguyen Van Tam as interior minister.

La Chambre pointed to evidence of a lack of enthusiasm among the Viet Minh rank and file for the Communist pattern now unfolding in the north and argued the urgency of getting a "strong, effective" government in the south to demonstrate that life under a non-Communist regime is better.

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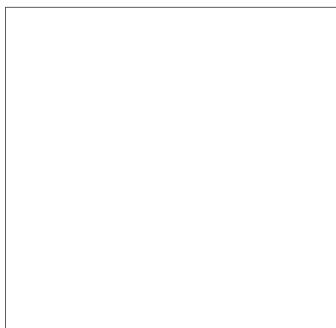
Comment: La Chambre's apparent design is to get a government in the south that can come to terms with the Viet Minh.

Tran Van Huu met with Viet Minh officials at Geneva last year with a view to establishing a coalition government.

Last September French officials agreed that Tam was unacceptable as a candidate for high office because of his close identification with the French. Neither he nor Huu commands any popular support and Bao Dai's prestige in Vietnam is at an all-time low.

#### LATIN AMERICA

9. Comment on Costa Rican appeal to Organization of American States:



The 8 January Costa Rican appeal for emergency action by the Organization of American States (OAS) to prevent aggression by Nicaragua springs from the recent intensification of Nicaragua and Venezuela's nine-month-old "war of nerves" against the Figueres administration in Costa Rica. The Council of the OAS, which meets on 10 January to consider the appeal, is likely to refer the affair to an investigative body.

Last April the Council refused a Costa Rican request to investigate the dispute with Nicaragua until normal diplomatic means had been exhausted, but Costa Rica has since made important concessions in an attempt to settle the dispute. Nicaragua, however, has rebuffed them, and in mid-December Nicaraguan president Somoza told a Costa Rican emissary that he would never enter into a rapprochement with Figueres.

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The Nicaraguan and Venezuelan governments are unlikely to resort to overt aggression against Costa Rica. They are probably giving clandestine assistance to Costa Rican revolutionary groups, however, and any move against Figueres will probably be made to appear a purely domestic uprising.

The incident apparently prompting Costa Rica's appeal to the OAS was an unannounced flight of seven Venezuelan C-47's to Nicaragua on 6 January. These planes may have carried arms for Costa Rican revolutionaries there. The Venezuelan foreign minister was extremely evasive about the planes in discussing the situation with Ambassador Warren on 8 January, and remarked that Venezuela would recognize "within two hours" any new government following the overthrow of Figueres.