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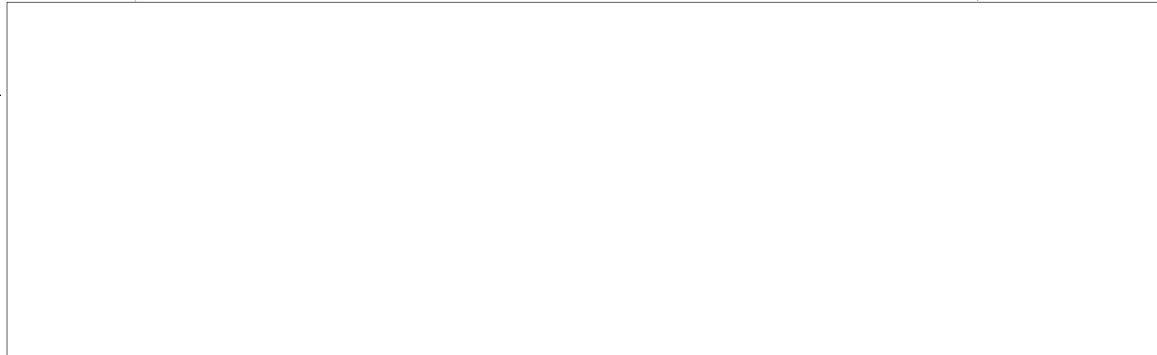
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GENERAL

1. France hedges on Thai appeal to UN:

[redacted]

Thailand's chief UN delegate told Ambassador Lodge on 27 May that French delegate Hoppenot has shown "great reserve" about the proposed Thai appeal to the Security Council to send a peace observation commission to Indochina.

Thailand had been led to believe that France would give "unequivocal support" to the appeal.

Lodge reports that in a conversation earlier that day, Hoppenot was "reticent, apparently because he lacked instructions."

Comment: The French ambassador in Bern stated on 17 May that his government "agreed to the principle of a Thai appeal," but had reservations as to the timing. A French Foreign Ministry spokesman told Ambassador Dillon on 27 May that both he and the French delegation at Geneva felt that an appeal to the UN at this time would be premature because of the "delicate state" of negotiations on Indochina.

France's reluctance to support a Thai appeal may derive from its fear that the whole French colonial policy would be debated in the UN, which would be used as a world forum by both the Communists and the Arab bloc.

[redacted]

SOVIET UNION

2. USSR to send three warships to visit Albania:

[redacted]

The Soviet Union has notified the Greek government that it intends to send two new destroyers and a new 12,500-ton warship to Albania for a visit in the near future,

according to Ambassador Cannon. He comments that the date for the visit suggests that the Soviet ships and three Yugoslav vessels scheduled to carry President Tito to Greece may pass each other.

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Comment: This apparently will be the first time since before World War II that Soviet naval forces enter the Mediterranean.

The visit of the Soviet ships to Albania at this time probably reflects Soviet concern about military planning among the states of the Balkan pact. Tito visited Turkey in early May and a joint statement following the meetings stated that a military alliance was contemplated.

Moscow probably suspects that the forthcoming meetings in Athens between the Greek government and Tito may include long-range planning with regard to Albania, and is seizing this opportunity to demonstrate its support of Albania.

FAR EAST

3. Comment on new Chinese Nationalist cabinet appointments:

[Redacted]

The new Chinese Nationalist cabinet, which is expected to take office on 1 June after approval by Chiang Kai-shek, appears to be dominated by ministers who have been relatively independent of Chiang Ching-kuo and his authoritarian faction. With the exception of the minister of defense, all nine of the new major cabinet members are Kuomintang members, but only three have in the past been identified with young Chiang.

All but one of the new cabinet ministers served in lesser capacities in the previous government, and they are unlikely to introduce startling changes in Nationalist policy. Their appointment, together with that of elder statesman Chang Chun to the influential post of secretary general in the president's office, suggests at least a temporary halt to the increase in power of Chiang Ching-kuo.

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SOUTHEAST ASIA

4. French plan build-up of Tonkin delta mobile strength:

[redacted]

The main decision of the recent high-level French military conferences in Saigon was to increase mobile strength in the Tonkin delta from the present seven mobile groups to ten and possibly twelve, the American army attaché reports. The additional troops will be drawn mostly from Laos. This enlarged mobile force will then be concentrated in the north of the delta, although initially it will assist Vietnamese forces in the southern delta.

When planned French reinforcement of the delta is completed, infantry strength will be 117 battalions, according to the army attaché.

Comment: This supports an earlier report that the Ely mission and the Indochina commanders had agreed to develop mobile rather than defensive tactics and put up a determined fight in the Tonkin delta region. French intelligence and the air force were criticized by Ely, Salan, and Navarre for deficiencies in the Dien Bien Phu battle.

The French have in the past periodically announced the adoption of an aggressive strategy and then failed to utilize their striking force effectively.

5. Indonesian prime minister says US efforts in Southeast Asia could "lead to war":

[redacted]

Prime Minister Ali told Ambassador Cumming in Djakarta on 26 May that American efforts to muster strength to deter China's expansion "could only lead to war," but Peiping, if admitted to the United Nations, could be dealt with without danger of war.

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Ali tried to draw a parallel between the Indochina situation and Indonesia's experience with the Dutch. In reply to Cumming's reference to Peiping supplying the Viet Minh, Ali reminded the ambassador that American weapons had been found in the hands of the Dutch during Indonesia's fight for independence.

Cumming comments that in his "fuzzy" exposition, Ali "went through the motions" of presenting the government line, but appeared devoid of real conviction.

Comment: Ali, former Indonesian ambassador to Washington, may well have some personal doubts about the views he expressed.

Cumming reported earlier that some Indonesian leaders have misgivings about Ho Chi Minh's independence of Peiping, but warned that they are not prepared to acknowledge their concern publicly.

EASTERN EUROPE

6. Greeks and Yugoslavs reject Italian opposition to Balkan military alliance:

[Redacted] Yugoslav foreign secretary Popovic and Greek premier Papagos have told American and British officials that Italy must not be permitted to stand in the way of the development of the Balkan pact. This was in reply to separate American and British demarches in anticipation of Tito's June visit to Athens. The two Western powers requested that any communique regarding the conversion of the Balkan pact into a military alliance be worded so as not to incite Italian public opinion and thus jeopardize a Trieste settlement.

Popovic informed American ambassador Riddleberger that there was no possibility of proclaiming a Balkan military alliance during Tito's visit to Athens owing to the lack of Turkish representation.

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The British ambassador in Belgrade believes that the Greeks and Yugoslavs have agreed to part of the communique to be issued on Tito's visit. He is uncertain, however, whether it will state that the alliance will be signed when the three Balkan foreign ministers meet in late June.

WESTERN EUROPE

7. Saar agreement leak may force Adenauer to meet French again:

Ambassador Dillon believes that a "final" meeting on the Saar may now be necessary between West German chancellor Adenauer and French premier Laniel or another

ranking cabinet official to make "minor face-saving changes" in the Saar agreement reached in Strasbourg on 20 May. In view of the official French denials that a final agreement was reached, the leak of the full text in Le Monde on 26 May will make it considerably more difficult for the French cabinet to accept the Strasbourg accord without changes.

Dillon attributes the leak to anti-EDC elements in the Foreign Ministry.

Comment: On 22 May, French deputy foreign minister Schumann, anticipating that premature announcement of a final agreement would hurt the government's chances of obtaining EDC ratification, proposed several minor phrase changes. Adenauer would probably not refuse minor changes to ensure French cabinet approval.

LATIN AMERICA

8. Comment on Guatemalan offer of nonaggression pact with Honduras:

Guatemala's offer on 27 May to conclude a nonaggression treaty with Honduras reinforces previous indications that the Arbenz government genuinely fears a

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meeting of the Organization of American States on the Guatemalan problem and is attempting to convince other Latin American nations that such a meeting is unnecessary.

Although Central American sentiment generally favors an OAS meeting, doubt as to the grounds for such a meeting has already been expressed by several South American governments. This doubt will probably be increased if, as seems possible, Honduras reacts favorably to the Guatemalan overture.

Overt Guatemalan aggression against Honduras appears unlikely. A greater danger--the clandestine provision of weapons by Guatemalan Communists to disaffected elements in neighboring countries--would remain even should a nonaggression pact be signed with Honduras.

Guatemala's offer may be motivated in part by fear of attack from Honduran territory. [redacted]

9. Brazil's loss of ILO seat may affect attitude toward US:

[redacted]
Assignment of permanent seats on the governing body of the International Labor Organization to the USSR, West Germany, and Japan to the exclusion of Brazil appears to have majority support in the ILO, according to the American delegation at the current ILO conference in Geneva.

The American embassy in Rio de Janeiro reported on 27 May that the Brazilian Foreign Ministry favored a British alternative proposal. This proposal, which the British have now dropped, would have allowed Brazil to keep its permanent seat and would have granted the two new permanent seats to the USSR and West Germany.

Comment: Brazil, the only Latin American country with a permanent seat in the ILO, attaches considerable importance to the prestige connected with it. Loss of this seat, especially if Brazil attributes it to the fact that the United States failed to support the British suggestion, may adversely affect Brazilian co-operation with the United States on the Guatemalan question.

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