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7 January 1954

3.5(c)
3.3(h)(2)

Copy No. 84

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 17
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2009
AUTH: HR 70-2
DATE: 26 DEC 1978 REVIEWER:

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SOVIET UNION

1. Soviet Union completes first new tanker:

observations of a Leningrad shipyard by the US naval attaché, suggest that the USSR has completed one 500-foot tanker and has two other ships under construction.

Comment: From a Soviet press statement on 29 November, it appears that the other two ships are also tankers. These are the first major ocean-going merchant ships known to have been constructed by the Soviet Union since the war.

FAR EAST

2. Disturbances seen inevitable among Korean prisoners on release date:

General Thimayya and other Indian officials in Korea are becoming more disturbed over the inevitability of disturbances and brutal retaliations among the prisoners even if

they are released on 23 January, according to American representative Young. They state that the Indian forces do not have control over the anti-Communist camp to the extent many persons assume.

Comment: It is probable that as the deadline approaches leaders among the anti-Communist prisoners will take action against any of their fellows who have wavered in their decision not to return north. Also, the Communists among these prisoners may attempt to create maximum bloodshed in order to point up the alleged illegality of the release and the continued "forcible retention" of the prisoners by the UN Command. There is no evidence that the Chinese Communists or North Koreans will intervene with military forces.

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3. Rhee government asks Chennault to form volunteer air group:

[redacted] in

early December the South Korean ambassador to Formosa officially asked General Chennault to form an international volunteer aviation group for Korea similar to the old Flying Tigers in China. Chennault agreed, provided that the United States give full approval and support, that qualified personnel and resupply for the unit be assured, and that the group be sufficiently fluid to "fight communism from or in any country."

Comment: This report may reflect South Korea's frustration over its inability to obtain the increased air support from the United States which it has requested. In late October President Rhee sent President Eisenhower a detailed request for aid which included three F-86 fighter-bomber wings and a composite wing comprising reconnaissance, air transport, and tactical air squadrons.

The suggestion to Chennault is probably in connection with long-range air planning and does not necessarily indicate that the Rhee government intends to engage in military operations in the near future.

WESTERN EUROPE

4. Reynaud presses for immediate plan for French withdrawal from Indochina:

[redacted] Vice Premier Reynaud is pressing the French cabinet to adopt immediately a policy of withdrawal from Indochina, according to French assistant secretary

for the Associated States Jacquet. He told the American embassy in Paris on 5 January that he, Foreign Minister Bidault, and Defense Minister Pleven had had great difficulty last week in preventing Reynaud's view on this proposal from prevailing.

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Jacquet added that unless a precise plan for action in Indochina were presented within three to six months, public pressure would not permit the National Assembly to support any government not offering a prompt solution.

Comment: Reynaud represents the majority opinion in the cabinet, which favors a five-power conference, including Communist China, to end the Indochina war as part of an over-all settlement of Asiatic problems. He had long called for an end to the Indochina burden and last July recommended that a phased withdrawal begin by the end of 1954.

5. Dejean favors expanding recruiting of Germans for Foreign Legion:

[Redacted]

French commissioner general Dejean told Ambassador Heath in Saigon on 4 January that his solution for hastening victory in Indochina would be to expand the Foreign Legion forces there with six new regiments recruited almost entirely in Germany. He said there would be no difficulty in this if Chancellor Adenauer "would look the other way."

Comment: The West German populace would be greatly aroused, as it was in early 1953, by any resumption of overt legion recruiting. It is therefore improbable that the Bonn government would agree to such a proposal.

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