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[redacted]
20 December 1951

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Department review completed
[redacted]

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S U M M A R Y

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FAR EAST

2. Chinese observed serving with Viet Minh (page 3).

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WESTERN EUROPE

6. France fears ultimate collapse of European trade liberalization
(page 5).

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FAR EAST

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2. Chinese observed serving with Viet Minh:

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The US Consulate in Hanoi has received several eyewitness accounts of Chinese serving with the Viet Minh during recent operations in Tonkin. [redacted]

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[redacted] told a Consulate official that fifty Chinese technicians definitely had been counted among Viet Minh forces near [redacted]. [redacted] the Consulate has submitted two reports that Chinese personnel, probably troops, had been seen, and one report of the capture of Chinese by French forces near Hanoi.

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Comment: A number of recent reports state that Chinese troops have been, or soon will be, incorporated into Viet Minh units.

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[redacted] It has been accepted for some time, [redacted] that several thousand Chinese Communists have been serving with the Viet Minh as advisers and technicians, although this had never been confirmed by the actual observation of Chinese personnel. The above reports are the first convincing evidence of Chinese serving with the Viet Minh military forces.

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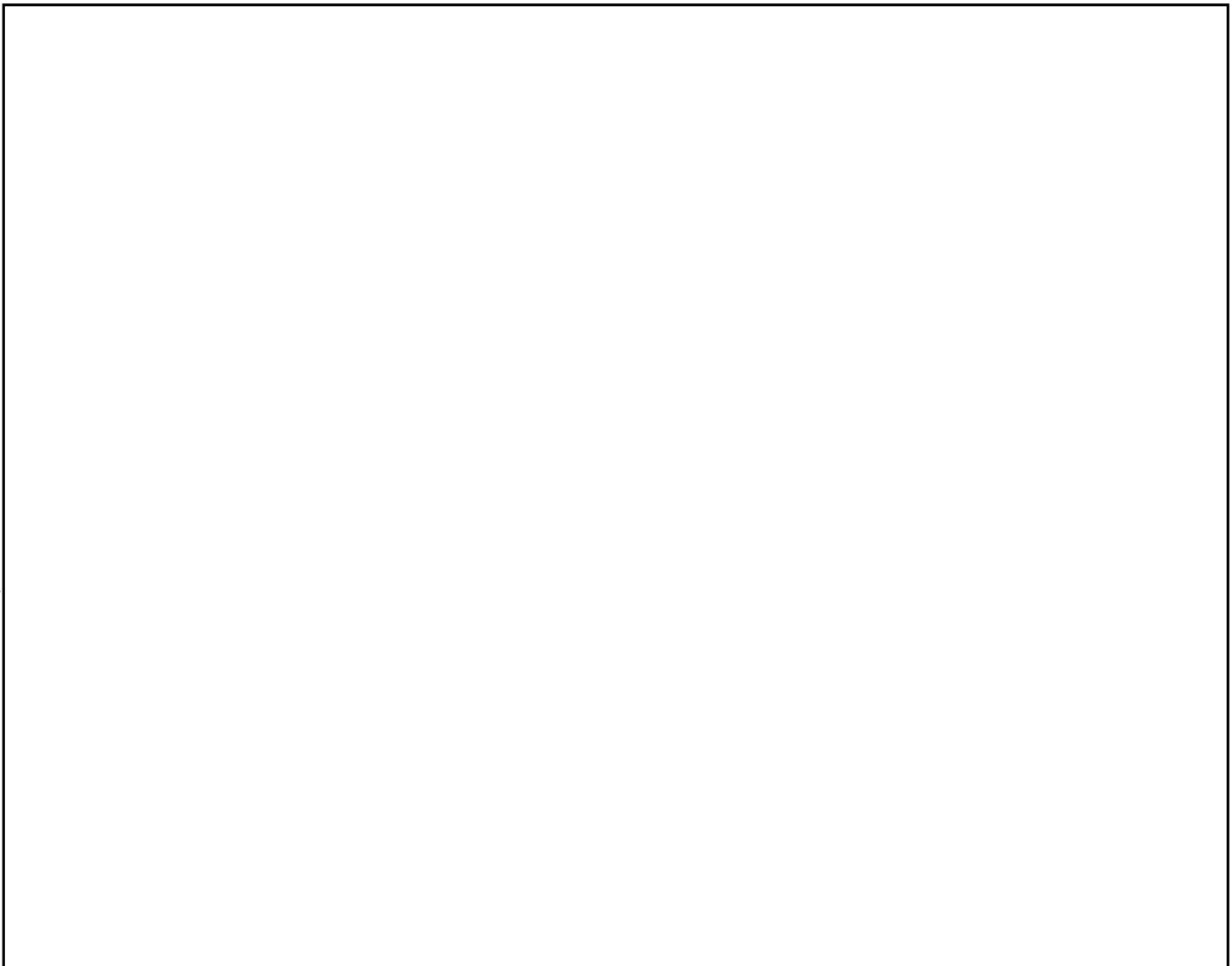
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WESTERN EUROPE

6. France fears ultimate collapse of European trade liberalization:

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France fears that the entire European trade liberalization program may collapse if it is forced to reimpose restrictions on European

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Payments Union trade. French officials feel that they may ultimately have to do so, and that in view of the recent intensification of British restrictions, such action might lead other member countries to reduce their liberalization lists. France has repeatedly pressed the US to urge Britain, West Germany and the Netherlands to restore trade liberalization.

Comment: The French position in the European Payments Union has deteriorated steadily since April 1951, resulting in a net deficit since October. While the recent US assurance of 600 million dollars for the first half of 1952 will tend to ease French dependence on European imports, France is experiencing increasing difficulty exporting to Payments Union countries because inflation has advanced prices more rapidly in France than elsewhere.

West Germany has already publicized its intention to resume liberalization in January, and the Dutch position has ameliorated sufficiently to permit similar action although no official move is yet indicated. The British are not expected to make any move to liberalize trading with Payments Union countries especially in view of the new government's decision to reduce the annual rate of non-sterling imports by nearly one billion dollars.

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