

~~TOP SECRET~~

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## CURRENT INTELLIGENCE BULLETIN

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## FAR EAST

1.

Communists may attack Tachen Islands:

Comment: The Tachen headquarters' view that there is no immediate danger of an invasion contrasts with press reports from Taipei, where government officials say they regard the danger as imminent and are expected to renew pleas for American naval and air protection.

Because attacks on all Nationalist bases are within the capabilities of Communist air units now based on the East China mainland, it is doubtful any have moved to the Choushans, where the single airfield is reliably reported unserviceable.

## SOUTHEAST ASIA

2. Tonkin governor suggests direct US-Vietnamese relations:

Governor Tri of Tonkin told the American consul in Hanoi on 16 May that the French were rapidly losing control of the situation in Vietnam and that the time had arrived when Vietnam must deal directly with the United States. According to the consul, Tri has urged Premier Buu Loc to return from Geneva "to reactivate the central government and initiate necessary measures."

Comment: There has been a growing tendency among Vietnamese officials to look on the United States as

the key to Vietnam's survival. The expression of this feeling is particularly significant when voiced by Governor Tri, in view of his sound judgment and high prestige among Vietnamese leaders.

3. Viet Minh offer to consider joining French Union may be serious:

[redacted]

Ambassador Dillon reports that the initial tendency in France to dismiss the Viet Minh offer to consider joining the French Union as a mere propaganda gesture is being partially supplanted by the thought that the offer may be genuine. The French now consider it possibly part of a serious Communist plan to strengthen the French Communist Party through the creation of a "peoples republic" within the French Union.

It is also pointed out that a Communist member of the French Union might influence over-all policy, as does "neutralist" Nehru in the British Commonwealth.

Comment: Ho Chi Minh's regime accepted membership in the French Union in 1946 and would have much to gain by suggesting that it again become a member. The Viet Minh offer would undercut the argument of those Frenchmen who oppose a peace which would detach the Associated States from the French Union. This in turn would increase pressure for a cease-fire on Viet Minh terms.

4. British official sees more realistic Burmese appraisal of Communist danger:

[redacted]

Malcolm MacDonald, British commissioner general in Southeast Asia, told Ambassador Sebald in Rangoon on 19 May he believed the Burmese government during the past two months had developed a "surprisingly realistic" appraisal of the Communist danger. He referred to a conversation with the Burmese acting foreign minister in which the latter expressed fear of Communist

encirclement of Burma and showed deep concern over the possibility of a Communist takeover in Indochina. The minister had stated that Burma would join in supervising a cease-fire in Indochina if requested to do so by the Geneva conference.

Neither MacDonald nor the British ambassador in Rangoon believed, however, that Burma would join a Southeast Asia collective security arrangement at this time. Both thought Burma should be carefully "nursed along."

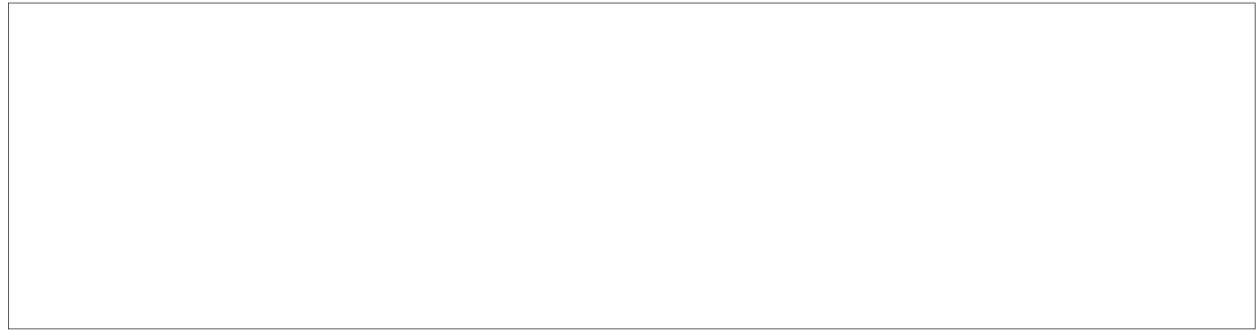
5. Karen insurgents



Comment: The Burma Communist Party has long sought to promote unity among the various insurgent groups in Burma and has achieved a loose alliance with a splinter group, the 'Red Flag' Communists, and another insurgent group, formerly known as the Peoples Volunteer Organization. The Karens, who have the largest insurgent organization, have remained aloof. They have, however, suffered serious military reverses this year and their leaders may look to an alliance with the Communists as the only alternative to capitulation.

NEAR EAST - AFRICA

6.



7. Comment on appointment of new resident general in French Morocco:

[Redacted]

The appointment of Francis Lacoste, an able and experienced diplomat, as successor to General Guillaume as resident general appears to be an attempt to re-establish French-Moroccan co-operation. Lacoste is believed to be an exponent of a conciliatory policy and may be able to reconcile French and Moroccan views. The report that another candidate for the post was refused permission to replace the present sultan suggests, however, that Lacoste is not empowered to carry out a bold new policy.

Lacoste, who has a reputation for being pro-American, is a member of the French delegation at Geneva. In 1947-1950 he was the Foreign Ministry's representative to the Residency in Morocco.

His task will be difficult. Constant friction and frustration engendered during the term of his two military predecessors have divided and hardened the positions of both the nationalists and local French settlers. It is unlikely that the nationalists will settle for less than a public promise of independence with a definite timetable--the promise to be followed immediately by steps toward autonomy.

## LATIN AMERICA

8. Possible new arms shipments for Guatemala:

The Italian and Spanish governments have assured Washington that they would refuse authorization for military shipments to Guatemala, and the Swiss government has implied it would also do so.