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3.

4. Dejean fears Paris will seek immediate cease-fire to save Dien Bien Phu:

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[redacted] Commissioner General Dejean told an American diplomat in Indochina on 2 May that he feared "certain ministers" in the Paris government will press for an immediate cease-fire

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[redacted]

in order to save Dien Bien Phu. Dejean expected General Navarre to conclude after the 3-4 May council of war in Hanoi that a political agreement is the only way to save the fortress.

At the same meeting the new French ambassador to Thailand, Offroy, who had just arrived from Geneva, expressed the view that the British, "whether unintentionally or by design," seemed almost certain to sabotage the Geneva conference. He stated that the British are actively pushing partition of Vietnam.

Comment: When the French National Assembly reconvenes on 4 May, the Laniel government is expected to be attacked for not pressing hard enough for a solution at Geneva.

The British government apparently has not arrived at any firm policy respecting Indochina. It seems doubtful that London would accept any form of partition that increased either its risks or military commitment in Southeast Asia.

SOUTH ASIA

5. USSR to finance construction of gasoline storage facilities in Afghanistan:

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[redacted]

The USSR has signed an agreement with the Afghan Ministry of Finance for the construction of a half-million-gallon gasoline storage installation at Kabul, according to the American embassy there. The USSR has extended a \$600,000 credit to Afghanistan, which is to be repaid in dollars or Afghan products.

The embassy commented that Afghan business circles believe this to be the first of a series of agreements whereby the USSR, at exorbitant prices, intends to send its technicians south of the Hindu Kush Mountains and "obtain a mortgage on the economic future of Afghanistan."

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Comment: This agreement is probably the result of Soviet efforts reported in early April to get Afghanistan to accept economic and technical assistance from the USSR. It is in addition to the renewal in December of the annual Soviet-Afghan trade agreement and the extension of a \$3,500,000 credit in January providing for the construction of grain-processing facilities by Soviet technicians.

Afghanistan's acceptance of Soviet economic and technical assistance south of the Hindu Kush range may be a device 25X1 to forestall Soviet protests if Afghanistan succeeds in attempts, [redacted]

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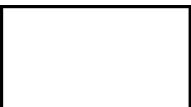
[redacted] to obtain Swiss technicians to operate in the northern part of the country, particularly to exploit the oil resources there. In view of the alleged high cost of proposed installations, Afghanistan may have difficulty in repaying the credits, but the fear of "mortgaging" the country's economic future appears to be exaggerated. [redacted]

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NEAR EAST - AFRICA

6. Comment on Jordanian cabinet changes:

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The appointment of Tawfiq Abul Huda as the new Jordanian prime minister to replace Fawzi al-Mulqi, who resigned suddenly on 1 May, restores the premiership for the fourth time to this able, pro-British and strongly anti-Communist leader.

American relations with the Amman government may be improved by the replacement of the Palestinian extremist, Hussain Khalidi, in the Foreign Ministry by Jamal Tuqan, a capable, Western-educated Jordanian. Abul Huda is not likely, however, to make any significant change in Jordan's policy toward Israel. It is doubtful that Huda, a strong supporter of Arab unity, will take any unilateral action opposed by the Arab League.

The new premier will be faced with continued tension between East and West Jordanians, and with serious economic 25X1 problems. In his relations with the other Arab states, he is likely to be more favorable toward Saudi Arabia than toward Iraq, [redacted]

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7. Moroccan terrorists reported shifting attacks to Europeans:

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[redacted]

The American consul in Rabat believes that the recent killing of three Europeans and the wounding of ten others, plus attacks on European cafes, clearly indicate that terrorists in Morocco have shifted their attacks from pro-French Moroccans to Europeans, despite the remarks of a high French Foreign Ministry official to the contrary.

The consul states that--also contrary to Paris views--tribal police reinforcements recently brought into Casablanca are poorly disciplined and have been involved in shootings of bystanders, looting and molesting.

Comment: Attacks on Europeans, if maintained, would further inflame the serious situation in Morocco.

The proponents of force among the local French population are apparently still in the majority. The French civil controller in Casablanca is severely criticized locally for being "too soft"; the French military commander of the area favors a strong show of military power and, if necessary, the use of troops. Pro-French Moroccans are beginning to demand drastic changes in this tough French policy.

WESTERN EUROPE

8. West German Bundestag debate reveals waning support for Adenauer's policies:

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[redacted]

In the opinion of American officials in Bonn, the 29-30 April Bundestag debate on European integration and Saar policies demonstrated a decline in the prestige of Chancellor Adenauer's coalition. Most of Adenauer's supporters shared the doubts of the coalition Free Democrats, who argued that European military and political integration will never be achieved.

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According to unconfirmed reports, the chancellor had to threaten dissolution of the cabinet in order to get the rightist coalition parties to approve the compromise resolution supporting the government's European policies.

The American officials also say that the arguments used by the opposition Social Democratic Party suggest that it now considers it politically advantageous to step up opposition to American policies.

Comment: It is becoming increasingly apparent that Bundestag patience is wearing thin regarding French delays on EDC. Although Adenauer had trouble getting coalition agreement on a resolution, the position finally adopted on the Saar gives him more latitude for negotiation than the Bundestag resolution of July 1953.

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