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8 July 1954

ED

Copy No. 80

3.3(h)(2)
3.5(c)

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 38
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 31/180 REVIEWER:

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SUMMARY

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SOVIET UNION

1.

SOUTHEAST ASIA

2. Viet Minh hints at acceptance of French proposal for Vietnam:

The acting chief of the French delegation at Geneva, Jean Chauvel, says the Viet Minh delegate "indicated" to him on 6 July that he "might be able" to accept the Dong

Hoi demarcation line for Vietnam proposed by the French. The Communist spokesman specified, however, that he would require assurances on the status of Viet Minh sympathizers left south of the line.

Chauvel told the Viet Minh delegate it might be well to conclude the truce between the two commands rather than governments, in order to obviate the problem of securing Vietnamese consent.

In reporting this conversation, Chauvel told the acting chief of the American delegation he was avoiding direct contact with the Vietnamese at Geneva in order not to have to answer their questions.

Comment: The partition line proposed by the French runs west from Dong Hoi, between the 17th and 18th parallels, and is the eastern segment of the reported French defense line for both Vietnam and Laos. The Communists may have in mind

a proposal for a partition of Laos along this same line, which would give them control of the northern half of Indochina without prejudicing their military and political foothold in the south.

Because the Vietnamese government is emphatically opposed to partition, the Communists have proposed from the beginning that the truce be concluded between the two commands.

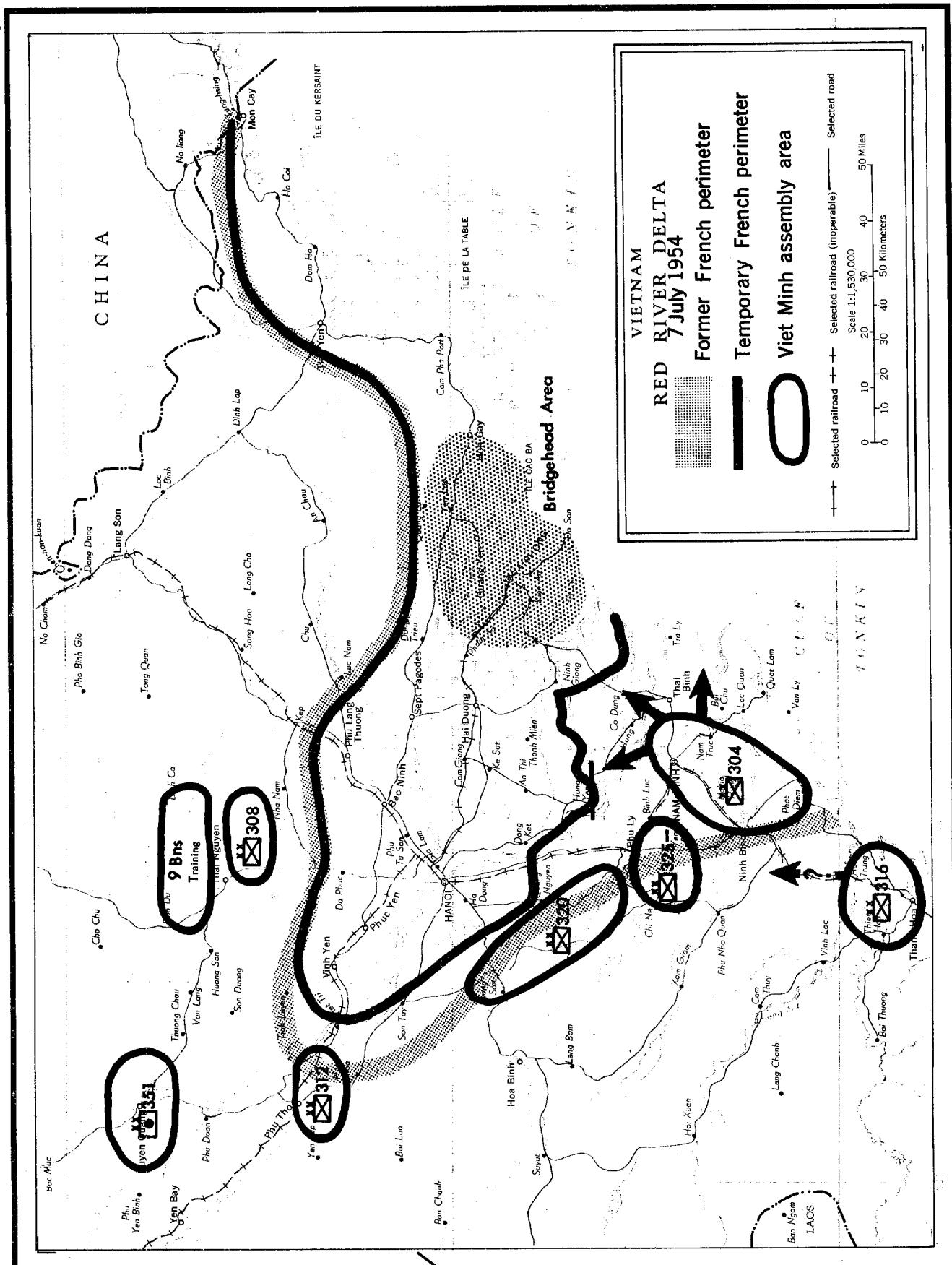
3. Attack on Hung Yen indicated as enemy consolidates control over southern delta:

The Viet Minh has ordered all civilians in the Hung Yen area, about 30 miles southeast of Hanoi, to evacuate their villages, according to the American army attaché in Saigon (see map, p. 5). He notes that in the past such an order has indicated an impending attack.

The attaché also reports that the 304th Division, now in the Phat Diem-Ninh Binh-Nam Dinh area of the southern delta, is moving northward and spreading out both to the east and west. There is also "an indication" that the 316th Division is assembling near Thanh Hoa preparatory to moving north toward the delta.

Comment: Hung Yen is just inside the southern edge of the new French defense line. An attack against it by units already within the delta would be a step in a movement to seal off communications between Hanoi and Haiphong.

The movement of the 304th and 316th Divisions into the abandoned southern delta area, in order to consolidate enemy control over this zone, has been anticipated.



EASTERN EUROPE

4. Comment on replacement of Hungarian interior minister:

[Redacted] Hungarian Communist Party official Erno Gero's replacement as minister of interior on 6 July is not a demotion.

Gero retains his post as first deputy premier, and is believed still to be the third-ranking Communist leader in Hungary.

The selection of security police chief Laszlo Piros, rather than one of the other three deputies, to replace Gero indicates the regime's concern with internal discipline, which has deteriorated during this period of relaxed political pressure on the population.

Gero is the fourth Hungarian government leader to be released from his duties in recent weeks to assume an unnamed "important assignment." This reshuffling suggests the creation of a supercabinet to deal with Hungary's most pressing "new course" problems. [Redacted]