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~~TOP SECRET~~

S U M M A R Y

GENERAL

1. Pravda correspondent states progress on Indochina unlikely until French government crisis resolved (page 3).

FAR EAST

2. Japan passive on regional security plans (page 3).

SOUTHEAST ASIA

3. Viet Minh seen now possessing logistic capabilities for delta attack (page 4).

SOUTH ASIA

4. Indian troops moved to West Bengal to control possible Hindu-Moslem disturbances (page 5).

NEAR EAST - AFRICA

5. Comment on announcement of unification of Egyptian and Saudi armies (page 5).

LATIN AMERICA

6. Peron reaffirms support for calling OAS on Guatemala (page 6).

LATE ITEM

7. Comment on French government crisis (page 7).
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~~TOP SECRET~~

GENERAL

1. Pravda correspondent states progress on Indochina unlikely until French government crisis resolved:

[] Zhukov

[] of Pravda stated that no progress on Indochina is likely until after the French government crisis is brought to an end and that serious negotiations

are not possible until Bidault becomes convinced that the United States is not going to intervene in Indochina. According to Zhukov, Molotov is confident that agreement could be reached but it would take time.

Zhukov said that the Viet Minh representative on the military committee would shortly introduce a plan under which the Viet Minh would retain all of the Red River delta except the Hanoi-Haiphong area. He gave the impression that this plan would involve a French withdrawal to coastal regions where France would retain a Hong Kong type of foothold. [] observed that this would leave the Viet Minh in control of all the interior, Zhukov replied that this could not be avoided under any circumstances.

Comment: Communist tactics at Geneva appear to have been based on the belief that the Laniel government would either move toward the Communist position or be replaced by a government pledged to negotiate an immediate end to the hostilities.

The Communists probably calculate that the French would be tempted by the possibility of ending the war while retaining a face-saving "presence" in Hanoi and Haiphong. Under these conditions, the Viet Minh could feel confident that a combination of diplomatic and military pressure would eventually bring Hanoi under its control.

FAR EAST

2. Japan passive on regional security plans:

[] The marked lack of Japanese official and press interest in the Cambodian proposal at Geneva that Japan be a member of the Indochina truce supervision commission demonstrates Japanese unwillingness to give positive support to measures for Far East

stability, according to the American embassy. A Foreign Ministry official has dismissed as premature any thought of Japan's now joining a regional security organization.

The embassy feels Japanese passivity results from the psychological unpreparedness of the people and the long-range hope that Japan can play a neutral balancing role. The lack of public support, the antipathy of some Far East nations toward Japan, and the deficiency in military and economic power to back its position apparently explain the government's policy of avoiding further commitment in the world power struggle.

Comment: Nevertheless, there have been continuing indications that Japanese policymakers, in their long-term plans, look increasingly toward closer working arrangements with Asia rather than remaining indefinitely dependent on the United States. Recent graduates of the Japanese Foreign Service Institute were told that the more able among them would be used in the Asia service.

SOUTHEAST ASIA

3. Viet Minh seen now possessing logistic capabilities for delta attack:

[] []
Viet Minh now has sufficient supplies stockpiled in rear depots to begin an attack on the Tonkin delta. The French anticipate no Viet

MNIN difficulties in supplies of food, ammunition or weapons and believe that the nearness of the operating area to the China border would permit resupply by the Chinese to sustain an offensive. []

[] the French see a possibility that the rate of Chinese aid will be increased by the end of June.

Comment: The Dien Bien Phu campaign apparently largely depleted Communist stockpiles in Tonkin, for the later stages of the battle supplies were sent directly from China to the battle zone.

TOP SECRET

There has been little specific information since Dien Bien Phu to indicate the scope and nature of Chinese-supplied rear stockpiles, although on several occasions French officials have described recent shipments as large.

Forward movement of supplies from rear area depots has afforded a warning of last-minute Communist preparations prior to previous major Viet Minh attacks.

SOUTH ASIA

4. Indian troops moved to West Bengal to control possible Hindu-Moslem disturbances:

[Redacted] Home Minister

Katju stated on 9 June that about 5,000 Indian troops had recently been moved into the Calcutta area to control any disturbances that might arise in West Bengal if conditions deteriorate and Hindu-Moslem clashes occur in East Pakistan.

Comment: This precautionary move, which confirms earlier rumors, shows the Indian government's determination to maintain order in West Bengal. India's precautions are likely to be unnecessary, as East Pakistan has been quiet since the promulgation of Governor's Rule on 30 May.

NEAR EAST - AFRICA

5. Comment on announcement of unification of Egyptian and Saudi armies:

[Redacted] The announcement that Egypt and Saudi Arabia have agreed to pool their military resources and unify their armies is probably intended

~~TOP SECRET~~

principally for propaganda purposes. It is unlikely that any practical measures will result from the agreement which, according to the Egyptian minister of national guidance and King Saud, is an oral one existing only "in our hearts and souls."

The proposed unification, to take place within the framework of the Arab League Collective Security Pact, reflects Egyptian and Saudi concern that Iraq and other League members may align themselves with the Turkish-Pakistani Pact, thus isolating Egypt and Saudi Arabia. The announcement is apparently a maneuver to stimulate Arab interest in a pact which Egypt would dominate as a counter to the Western-supported pact.

Saudi Arabian acceptance of closer relations with Egypt follows King Saud's rejection in January of American grant military assistance and the adoption of an increasingly non-co-operative attitude.

LATIN AMERICA

6. Peron reaffirms support for calling OAS on Guatemala:

[Redacted] Argentine president Peron sent word to Ambassador Nufer on 10 June that his assurances of 1 June on calling an Organization of American States consultation on Guatemala were still completely valid. Peron reiterated that if the United States found impractical his suggestion for a general meeting on Communist penetration, at which the Guatemalan problem would inevitably arise, Argentina would support convocation of a meeting on Guatemala alone.

Peron added that Argentina would go to the meeting with "hard facts" as he had full information on Communist plans directed against the hemisphere.

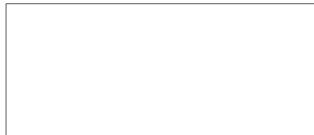
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Comment: Peron's assurances on 1 June had appeared to be weakened by his Foreign Minister Remorino on 8 June, when the latter disclaimed knowledge of these statements and said that "other means of solution" should be exhausted before calling an OAS meeting on Guatemala.

In Buenos Aires, the mounting anti-Communist press campaign and the arrest of more Communists suggest that Peron is in fact concerned over Communist penetration in Argentina--as he recently admitted to Nufer for the first time.

LATE ITEM

7. Comment on French government crisis:



President Coty is presumably making a tactical move in asking Radical Socialist Mendes-France to form a new French cabinet. It appears unlikely that Mendes-France can obtain the absolute assembly majority of 314 necessary for investiture. He is personally unpopular, and his opposition to immediate EDC ratification has alienated a large bloc of the deputies on whom he would have to depend for support. His near approach to investiture as premier in June 1953 was due to the fact that many Radical Socialists supported him as a party candidate, knowing that he would not get 314 votes.

Tradition demands, however, that the person or party most directly responsible for a cabinet crisis be given first choice in forming a new government, and it was the Radical Socialist ministers in Laniel's coalition whose insistence on a change in government forced the president to accept Laniel's resignation.

Coty is reported to prefer ex-premier Pinay (Independent), now ill; Foreign Minister George Bidault (Popular Republican); or ex-prémière Robert Schuman (Popular Republican)--all pro-EDC. He is also reported to be considering ex-premier Edgar Faure (Radical Socialist), but the latter's recently voiced opposition to EDC

makes his acceptance by the Popular Republicans doubtful, in view of their reiterated intention not to support any government hostile to the treaty. Still another possibility is Francois Mitterrand, leader of the small Resistance Union and proponent of the view that France should abandon Indochina and concentrate its energies on its African possessions. His relative youth--he is 38--is, however, against him.

Since the search for a new government will probably be prolonged, the Assembly may end by turning in desperation to a political unknown as it did a year ago in the case of Laniel. It is certain, however, that the successful candidate will be pledged to do everything possible to end hostilities in Indochina.

In any event, Coty's acceptance of the Laniel resignation temporarily sidesteps the threat of an Assembly dissolution. While the Assembly could dissolve itself, the fact that it carefully avoided a constitutional majority against Laniel on 12 June indicates little possibility of such a move now. The constitution requires that 15 days must elapse following a premier's investiture before the overthrow of a cabinet can permit dissolution under Article 51 of the Constitution. [redacted]