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3.3(h)(2)

4 November 1954 3.5(c)

Copy No. 80

## CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 8  
NO CHANGE IN CLASS.   
 DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE: 2010  
AUTH: HR 70-2  
DATE: 7/1/80 REVIEWER:

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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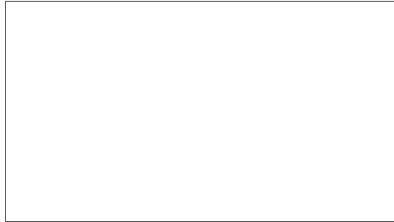
**FAR EAST**

1. Indonesian feelings seen blocking Japanese reparations settlement:



Comment: Reparations have been a major obstacle to regional economic co-operation between Japan and Southeast Asian countries. Japan recently settled with Burma, thus opening the prospect for breaking the log jam with Indonesia and the Philippines.

2. Japanese worried over effect of Communist Chinese Red Cross mission:



The Japanese Foreign Ministry is concerned over the favorable impression the Chinese Communist Red Cross delegation headed by Madame Li Te-chuan

is making in Japan, according to the American embassy in Tokyo. A ministry official told the embassy he believes little can be done until the "fever" subsides to counteract the pressure for closer relations with Peiping stimulated by this visit.

Comment: Japanese foreign minister Okazaki has stated that he would "not hesitate" to meet Madame Li if the request were made through the Japanese Red Cross, thus implying a modification of the government's hands-off policy regarding the mission. In addition, a Foreign Ministry spokesman has indicated the government would decide on "humanitarian" grounds how to deal with Madame Li's offer to allow Japanese to settle in China. Acceptance of the offer would amount to de facto recognition of Peiping.

### 3. New Peiping policy on Overseas Chinese citizenship reported:

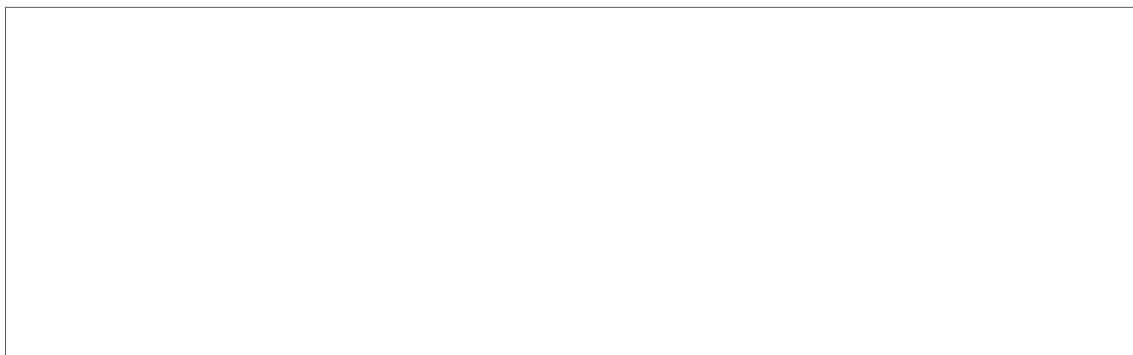
[Redacted] Overseas Chinese who acquire the citizenship of their countries of residence would be deprived of their Chinese citizenship under a new policy outlined by

Chou En-lai to Indian prime minister Nehru in their recent talks in Peiping. This is reported by Raghavan Pillai, secretary general of the Indian Ministry of External Affairs.

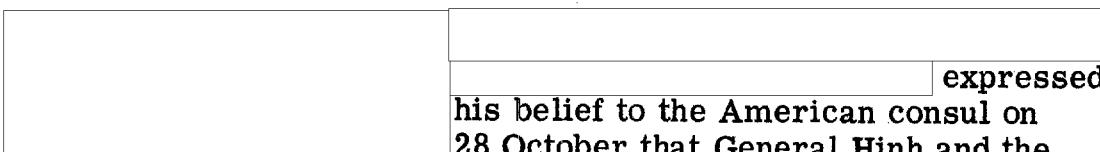
Comment: Chou has publicly declared his willingness to settle the question of the citizenship of Overseas Chinese--who up to now have been regarded by Peiping as Chinese citizens--and is currently discussing the matter with Indonesian officials in Peiping.

Chou's reported plan does not appear to be a significant compromise, however, as relatively few Chinese would voluntarily acquire another citizenship and Chou could be expected to obtain assurances that none would be forced to acquire the local citizenship. Peiping would thus be free to continue to solicit the allegiance of the great bulk of Overseas Chinese.

## SOUTHEAST ASIA

4. Viet Minhworking for stronger bonds with India:

Comment: The Viet Minh has already favorably impressed the Indian as well as the Canadian members of the international commission in Indochina with its orderly assumption of authority since the truce. The Indians have made a deliberate effort to view the Viet Minh in the best possible light. The Indian government, however, is unlikely to be so swayed by reports from its commission members as to abandon its position of neutrality in Indochina matters.

5. South Vietnam factions seen willing to deal with Viet Minh:

expressed his belief to the American consul on 28 October that General Hinh and the leaders of the Binh Xuyen, Cao Dai, and Hoa Hao are "in the market" as far as the Viet Minh is concerned. Referring to the Sainteny mission, he said that if these South Vietnam leaders sensed any French-Viet Minh deal in the making, they would be likely to beat the French to it.

believes that the opportunism of the sects and General Hinh already imperils French economic interests in the south. He observed that the French are not acting sensibly if they risk loss of their greater economic interests in the south in trying to salvage their property in the north.

Comment: The leaders of the southern sects are believed to be sincerely anti-Communist, but they would probably feel no compunction about dealing with the Viet Minh in anticipation of a French-Viet Minh rapprochement.

General Hinh is in a different category from the sect leaders. He apparently considers his influence bound up with the maintenance of some degree of French control in Vietnam and will act accordingly.

## SOUTH ASIA

### 6. Comment on Nehru's current views on Communist China:

Remarks made by both Prime Minister Nehru and Raghavan Pillai, secretary general of the Indian Ministry of External Affairs, at the close of Nehru's visit to Peiping indicate that neither man is fully convinced of China's desire for peace.

Nehru told American ambassador McClintock in Phnom Penh that he believes China wants a long era of peace. At the same time, he emphasized that he had told Ho Chi Minh "bluntly" that if the Communists sought to extend their present holdings in Southeast Asia, they would inevitably "run into trouble."

Nehru also said that India would have to reconsider its policy on the recognition of Laos and Cambodia, which he considers are in India's sphere of influence. He added, however, that India probably would not revise its policy toward Chinese-influenced Vietnam during the two years of the cease-fire agreement.

Pillai, obviously impressed by the closeness of Sino-Soviet relations, also spoke "with deep feeling" about India's need for generous assistance from Britain in order to avoid creating the impression in India, as in China, that the aid and modern methods which make economic advancement possible come from the USSR.

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Approved for Release: 2019/08/13 C03017644

**LATE ITEM**

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