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CURRENT INTELLIGENCE BULLETIN

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SUMMARY

FAR EAST

1. Communist plans for a sixth phase offensive reported (page 3).
2. French military position in Indochina believed to be "very little improved" (page 3).

50X1

EASTERN EUROPE

50X1

5. Yugoslavia refuses to attend San Francisco Conference (page 5).

WESTERN EUROPE

50X1

7. Prospects for ratification of Schuman Plan deteriorating (page 7).

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FAR EAST

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1. Communist plans for a sixth phase offensive reported:

According to a recently captured Chinese Communist soldier from the newly arrived 140th Division, 47th Army, his company political officer stated that his division was holding the line in order to permit troops in the rear areas to prepare for a sixth phase offensive. The US Far East Command concludes, reasoning from the fact that similar statements by political officers have preceded previous offensives, that an enemy offensive will be launched if current cease-fire negotiations fail.

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Comment: The US Far East Command still estimates that Communist forces in Korea have the capability of sustaining a major offensive for a two-week period.

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2. French military position in Indochina believed to be "very little improved":

[redacted] estimates that, notwithstanding French tactical successes in Tonkin, the overall strategic position of French Union forces is very little improved over that which obtained last fall. He believes that various favorable factors, including the infliction of a four to one casualty rate on the Viet Minh, are nearly offset by improved Viet Minh organization, recruitment, troop disposition and logistics.

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The process of reinforcing French forces and training native commissioned and non-commissioned officers has been

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slow, and the attache believes that an attrition rate of ten to one would have to be maintained in order for French Union forces to seize and retain the initiative and insure the defeat of the enemy.

Comment: This is an unusually pessimistic estimate, particularly in view of official French claims that the Viet Minh has been badly defeated and decimated in battles during the past few months.

French Union forces, although roughly equal in numbers to those of the Viet Minh, are better armed. They possess undisputed air and sea control of Indochina, are far better supported logistically, and have access to a greater reservoir of fit manpower than the enemy. Thus, barring Chinese Communist intervention, a four to one attrition rate on the Viet Minh would appear to promise steady improvement of the French military position.

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- 4 -

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EASTERN EUROPE

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5. Yugoslavia refuses to attend San Francisco Conference:

Foreign Minister Vilfan informed US Ambassador Allen that the Yugoslav Government has decided not to attend the San Francisco Japanese Treaty Conference because of

the remoteness of Yugoslav substantive interest in Japanese affairs. Vilfan explained that, although his government recognized the declaration of war against Japan made by the Yugoslav London Government, Yugoslavia would find it embarrassing to take a position on a number of questions that would probably come up at the Conference.

- 5 -

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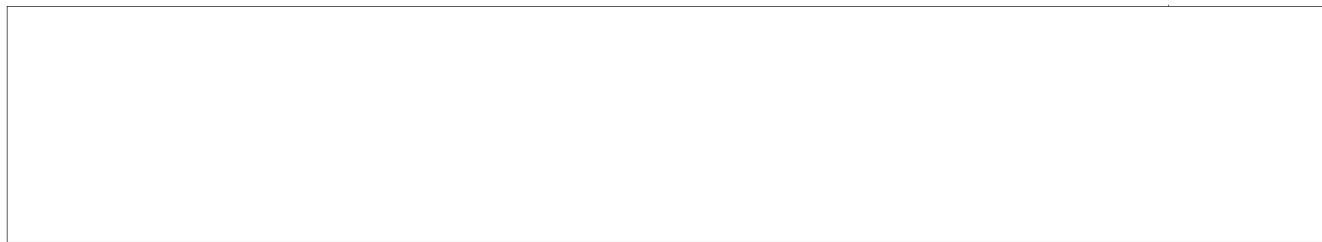
Comment: Yugoslavia had previously indicated that it would decline the invitation. By refusing to attend, the Yugoslav Government can avoid taking a stand on Chinese Communist participation in the treaty, a question that will probably be raised by the Soviet Union. It can also evade the awkwardness of signing a lenient Japanese treaty at a time when it is opposing all suggestions to revise the more punitive Italian Peace Treaty.

WESTERN EUROPE

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Prospects for ratification of Schuman Plan deteriorating:

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Recent developments indicate that the prospects for prompt ratification of the Schuman Plan by the West German Parliament (Lower House) are deteriorating. Key delegates of of the two minor parties of the government coalition have commented that half of their factions might refuse to support the Plan when the Parliament reconvenes in September. Although HICOG officials believe these claims are exaggerated, they acknowledge that German anger over the Saar issue and over recent rebuffs by the Ruhr Authority is certain to delay ratification of the Plan and strengthen the hand of the forces opposing ratification.

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Comment: On 12 July, prior to the recess, the law ratifying the Schuman Plan successfully passed its first reading in the Lower House. Although at that time the three government parties presented a solid front in support of the Plan, the debate indicated that any adverse developments, particularly on the Ruhr Authority and Saar issues, might considerably increase the Chancellor's difficulties in securing approval on the final reading of the bill.

- 7 -



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